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THE TIMES

Overtime as a
cause of
unemployment, p 14

Government steps in as air controllers call a holiday strike

The Government intervened yesterday after the assistant air traffic controllers had voted for a four-day strike from midnight on Thursday, which would cripple Heathrow and Gatwick flights over the Bank holiday.

Mr Booth, Secretary of State for Employment, has called both sides to his office today in an effort to avert the strike.

Worsening delays at Heathrow

Mr Albert Booth, Secretary of State for Employment, will see leaders of the Civil and Air Services Association and the Civil Aviation Authority today in an effort to avert the strike of assistant air traffic controllers which is due to begin at midnight on Thursday.

He cut short a visit to his constituency of Barrow-in-Furness to return to London last night.

Earlier it was announced by the union that in a ballot the controllers had voted 502 to 97 for a four-day strike over the holiday in support of a pay rise negotiated in 1975. The strike will involve the air traffic control assistants at Heathrow, Gatwick and Luton, the three main airports in the south of England.

Passengers for international flights were boarding aircraft and then having to wait for up to three hours.

Disruption caused by the strike yesterday spread to Luton, Britain's busiest airport, and to Gatwick, where hundreds of passengers were

increased of between 13 and 17 per cent, which were negotiated before the strike. Mr Booth said: "This is not some overblown claim brought up since August 1; it is a long-standing grievance which the Civil Aviation Authority should be allowed to handle."

If the strike is not called off up to a million passengers using Heathrow, Gatwick and Luton airports over the holiday weekend face delays and cancellations.

It is too late for holiday tour operators to make alternative arrangements and all they can promise is that if they cancel flights there will be full refunds for passengers. But if travellers get tired of waiting for delayed services and withdraw from flights they will receive nothing.

The limited action so far taken by assistant air traffic controllers continued to cause serious delays to passengers at Heathrow yesterday. European flights were delayed for up to six hours.

Passengers for international flights were boarding aircraft and then having to wait for up to three hours.

Disruption caused by the strike yesterday spread to Luton, Britain's busiest airport, and to Gatwick, where hundreds of passengers were

delayed for up to an hour, and one group was there for seven hours. Delays at Heathrow, where airspace is allocated for Luton's flights, were blamed.

The assistants' determination to press for their pay rises has been strengthened by the support of Mr Len Murray, general secretary of the TUC.

He has said: "We accept that this is an outstanding restructuring scheme and a job evaluation exercise related to a definition of the appropriate grade which had commenced before the beginning of the 1975 policy on July 1, 1975, and under which there was before that date a clear agreement on a January 1, 1975, implementation date. Steps should be possible, therefore, to lead to an early accommodation."

Mr Thomas said the original pay claim had been lodged in 1972 and conceded in 1975. "We have been so patient that we have become almost mortified by our own inaction."

If the Chancellor of the Exchequer's pay guidelines were to be followed, he said, they would mean the backing of the TUC. "The TUC backs our claim up to the hilt. There is still time to talk before our strike action is due to take place and we are willing to discuss our settlement with any responsible government minister."

Photograph, page 2

Anglo-French warnings to S Africa against atom tests

M de Guiringaud, the French Foreign Minister, said in Paris yesterday that he had knowledge of preparations for a nuclear explosion being made in South Africa and that France had warned South Africa against such a move.

Britain has made strong representations to the South African Government about reports that it was about to test a nuclear weapon. In Pretoria, Mr Bodla, the South African Foreign Minister, who had denied on Sunday that South Africa was preparing nuclear tests, yesterday declined to comment further on the issue.

Charles Hargrove writes from Paris: France has solemnly warned the South African Government that if it went ahead with such plans France would condemn it publicly and "draw all the consequences of this condemnation".

M de Guiringaud said in a broadcast interview today: "We

have had information to the effect that preparations for a nuclear explosion were being made in South Africa, but the South African Government emphasises that it will be peaceful."

The solemnity given in Paris to the official demarche made on Thursday is intended to counter the wave of criticism and protest against the contract it has signed with South Africa earlier this year for the delivery of two 1,000 megawatt power stations for the production of nuclear electricity.

There can be no question of France severing diplomatic relations with South Africa over the matter. But a statement by the Foreign Ministry spokesman today makes it quite clear that if South Africa goes ahead with its plans, the action France would take would not be purely platonic. It might include economic reprisals and could, at the limit, take the

form of cancellation of the contract for the delivery of power stations, even though the Foreign Minister again today underlined the difference "between a peaceful nuclear explosion and an explosion designed to test a military nuclear weapon."

He added that it was "perfectly dishonest to maintain that the delivery of these two power stations would enable South Africa to manufacture nuclear weapons". Under the contract the reprocessing of irradiated fuels would be carried out in France and the plutonium produced would not be reexported to South Africa.

M de Guiringaud made it clear, however, that even a peaceful nuclear explosion could endanger the whole peace process and have serious consequences for relations between France and South Africa.

France, he went on, would certainly be under attack at the

coming United Nations conference on apartheid in Lagos both for delivering arms to South Africa and for the contract on the sale of nuclear power stations, but the French delegation would reply "appropriately."

The sale of arms had ceased in the autumn of 1976, after the personal decision of President Giscard d'Estaing to impose an embargo on their shipment.

As for the nuclear power stations, he insisted that there had been no Second World War, there would have been no atomic bombs, "but we would still have nuclear power stations, and no one would worry about them any more than one worries about conventional oil or coal-fired power stations. It is necessary to recall these facts in order to demonstrate how dishonest it is to equate nuclear power stations with nuclear weapons."

Peter Hennessy writes: The

Foreign Office has made very strong representations in private to the South African Government concerning the reports. The British Government made it clear that it would take a very grave view.

Mr Callaghan, the Prime Minister, sent a reply last Friday to a Note from President Brezhnev, of the Soviet Union, after Tass had carried reports of alleged South African activity. Mr Callaghan told him that the British Government was similarly concerned to prevent non-nuclear nations from developing atomic weapons.

The Foreign Office would not confirm yesterday that it possessed knowledge of South African preparations from sources of its own. But a spokesman indicated that should it become clear that South Africa was indeed on the verge of becoming a nuclear power, "it would be an extremely grave state of affairs."

Hundreds killed in long battle for Dire Dawa

Nairobi, Aug 22.—Ethiopia said today that it had defeated an attempt by Somali troops, aircraft, heavy artillery and tanks to capture the country's third largest town of Dire Dawa, although both sides suffered heavy casualties.

As the conflict continued to worsen, the national airline of the tiny neighbouring state of Djibouti suspended civilian flights to northern Somalia for "security and safety" reasons because the airspace was reportedly full of Somali fighter aircraft.

Responding to the weekend appeal by Lieutenant-Colonel Mengistu Haile-Marjam, the Ethiopian military leader, for the total mobilization of the country's manpower and industrial resources, thousands of workers today demonstrated in the port of Assab and offered to fight at the front.

Reports of intensive fighting for Dire Dawa, the main Government stronghold in the disputed Ogaden region, Ethiopia radio said the Somali attacks had now been "totally foiled" and the invading Somali forces had been "thrown back".

Observers said the battle for Dire Dawa was probably the largest conflict between Ethiopian forces and the Somali since insurgents invaded the Ogaden in strength in early June.

It was also probably the first time the Somalis had come against large, well-supported Ethiopian army units. In over-running much of the Ogaden, the Somalis have had to deal primarily with small, scattered units without tank or air support.

In the Government's first admission of specific battle casualties, the radio said 150 Ethiopian troops were killed and another 250 wounded in the battle for Dire Dawa, which began when Somali attacks on the town last Tuesday with rockets and mortars.

Five small aircraft parked on the town's airstrip were destroyed during the Somali attack which, according to the Ethiopian, was supported by Soviet-built MIG fighters and tanks.

The Somalis also suffered heavily, a military communiqué said. The Western Somali Liberation Front has not issued its own statement on the fighting.

The Ethiopians said they killed 500 attacking troops, wounded several hundred more, seized eight attacking tanks and destroyed numerous others and captured large quantities of weapons, including rockets and rocket launchers, heavy artillery pieces and anti-tank rockets.—UPI



Chopsticks for Mr Vance and Mr Huang Hua at a dinner in Peking last night.

US caution on results of Vance talks in Peking

From David Bonavia
Hongkong, August 22

Mr Cyrus Vance, the United States Secretary of State, began talks in Peking today with Mr Huang Hua, the Chinese Foreign Minister, on the possibility of further improvements in Sino-American relations.

The talks come just after the conclusion of the Chinese Communist Party's eleventh congress, at which Chairman Hua Kuo-feng gave a warning that those relations could only be improved if the United States was prepared to implement the terms of the 1972 Shanghai communiqué "in earnest".

Whereas this can be seen as a reiteration of China's stand on the Taiwan issue, State Department sources in Washington have said that not too much should be expected from Mr Vance's first visit to China, which is considered exploratory. The Chinese leaders evidently timed it to follow their congress, in order to present the American statesman with a show of unity after their internal conflicts of the past few years.

The United States is anxious, on the one hand, to improve relations with Peking in the interests of preventing a fresh rapprochement between the Soviet Union and the newly-announced leadership group in China, which includes many older leaders who are associated with the close Sino-Soviet relationship of the 1950s.

On the other hand, the American Administration cannot overlook the powerful Taiwan lobby in Congress, business interests and popular reluctance to "sell out" an old ally. American military sources confide that they believe the possibility of military or naval action against Taiwan by Peking, which includes the Carter administration, is out of the question in the foreseeable future, because it would draw down too many resources from the still sensitive Soviet border.

This in itself could be seen as an argument for full American diplomatic recognition of Peking, if a formula can be

found whereby commercial and consular relations with Taiwan can be maintained. However, China has recently shown a stiffening of its attitude, perhaps partly brought about by the realization that considerations of global strategy will dictate the Sino-American relationship under the Carter Administration much more than the relatively paradoxical issue of Taiwan.

American businessmen would like to gain more access to the Chinese market, at present dominated by exporters in Europe, Japan and other developed countries and suppliers of raw materials. But they are not all aware of the small size of that market relative to China's huge population. Brazil, for instance, imports nearly twice as much as China.

One of the most difficult technical issues to be overcome is the question of Chinese assets frozen in the United States at the start of the Korean war, and American property in China confiscated as a result. However, given the

political will on both sides, such problems can be sorted out.

Peking, Aug 22.—The first day of Mr Vance's talks failed to get to the critical issue of Taiwan and the future of Peking-Washington relations.

The talks were held against the background of staged demonstrations by hundreds of thousands of soldiers and civilians who marched in celebration of the end of the eleventh Communist Party Congress.

Mr Vance's spokesman, Mr Gooding Curran, said the first meeting turned out to be a monologue by Mr Vance, as he reviewed American foreign policy in Europe and Asia.

The State Department spokesman said the Chinese side asked no questions during Mr Vance's exposition today.

Asked whether Mr Vance spoke of American policy on South Korea, the spokesman said only that there had been "a full exposition of our policies in the areas we talked about."—UPI and Reuter.

Years of struggle, page 10

Years of struggle, page 10

Supporter of Irish unity is new Roman Catholic Primate

Christopher Walker

one of the most controversial Irish church appointments in recent years. Mr O'Fiaich (Thomas Fee), supporter of Irish unity, was elected by the Pope yesterday as Archbishop of Armagh, the Roman Catholic Primate of Ireland.

Mr O'Fiaich, 62, is a respected scholar and a member of the Irish parliament. He was born in the small town of south Armagh in its hard-line Catholicism and violent opposition to British troops.

Church and political circles in Belfast and Dublin have greeted his appointment with surprise because of his declared enthusiasm and loyalty for traditional Irish culture.

Mr O'Fiaich, who is fluent in English, said: "I would like to be a kind of peacemaker if I could. I think in the long run the happiest ending of the Irish problem is the reunification of Ireland."

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He had been alone in his office with the diamonds for only two minutes when the attack was made. A cover was thrown over a video camera monitoring the door of the office, and a pistol held to Mr Polak's head, while the robbers scooped up the polished gems in two pouches. They left by the stairs and mingled with people in the street.

Scotland Yard issued descriptions of the three men, one of whom was believed to be wearing a chauffeur's cap.

The diamond pouches were fitted with zips. The stones were in small plastic bags.

The police appealed for information from anyone who saw the men possibly boarding a bus or train in the Chancery Lane area. Mr Polak, aged 25, was not injured in the attack.

pointment. Before assuming spiritual leadership of the 3,500,000 Irish Catholics he will have to be episcopally ordained and it is assumed that he will also be created a cardinal.

A recognized authority on early Irish Christianity, he has written widely on the subject of Irish culture, and has written several books, including a biography of Oliver Plunkett, the seventeenth-century Archbishop of Armagh who was canonized in Rome two years ago.

His father was principal of an elementary school in south Armagh, where he began his own education, and he still has family connections in the area, including a brother who is a general practitioner in Crossmaglen.

Intervently the appointment will be treated with scepticism by extreme Protestants in Northern Ireland, but it was quickly greeted with messages of good will yesterday from all the main established Protestant churches.

Torture condemned: Mr O'Fiaich said in a radio interview yesterday that he abhorred the acts that had been committed by the Provisional IRA and by other paramilitary organizations (the Press Association reports).

But he continued: "Let me add also that I am shocked by some of the violence that has been carried out in this country by what are normally referred to as the forces of law and order. I have seen the result of some of that in my own native area."

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Mr O'Fiaich: Authority on early Christianity.

London merchant robbed of gems worth £250,000

London merchant was robbed of diamonds valued at £250,000 in an armed raid by three men yesterday.

The diamonds, at least two of which were of carat size, were stolen from the office of Mr Nicholas Polak, a 25-year-old Jewellery Club in Hutton Gar-

He had been alone in his office with the diamonds for only two minutes when the attack was made. A cover was thrown over a video camera monitoring the door of the office, and a pistol held to Mr Polak's head, while the robbers scooped up the polished gems in two pouches. They left by the stairs and mingled with people in the street.

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Warning of faulty tyres given

Hundreds of motorists may be driving around on tyres that West Yorkshire consumer protection department suspects may be dangerous.

The types of sizes 78/14 and 78/15 were manufactured by the Kelly Springfield Tyre Co in the United States.

They carry the brand names: Kelly, Springfield, Prestige, Radial, All American, Custom, Radial, Atlas Radial XL, Cordovan Radial, CR-10, Delta Radial 11, Multi-Mile Radial XL, Mobil Radial, PWR Radial G/P (Hallmark), OK Starmaster G, Traveller Radial 360, and Union Radial Four Star.

Tamil plea to leave Colombo

From Our Correspondent
Colombo, Aug 22

Leaders of the Tamil minority in Sri Lanka today asked Mr Jayewardene, the Prime Minister, to provide ships to evacuate refugees from Colombo and Galle to the Tamil north.

Mr Jayewardene told them that while everything possible would be done for the safety of refugees, he did not feel that any extraordinary measures were necessary as the situation in the country was rapidly returning to normal after the widespread communal violence.

Weeks of turmoil, page 5

You're clever. And personable. But when you go for a job...



there's this terrible problem. The man across the desk asks you a question. You know the answer, but you don't reply. Because you can't hear a word he's saying.

Every casual encounter that most of us take for granted can be an enormous problem to the deaf. Communicating with people at work. Ordering a meal in a restaurant.

The RNID tries to help deaf people live with their affliction. To provide this help costs an enormous amount of money. And money, today, is painfully hard to find.

If you can hear, will you be thankful? And help someone less fortunate by means of a donation, a mention in your Will or by Deed of Covenant. Please do something. And do it today.

No stamp needed. Please send your donation to:
Royal National Institute for the Deaf
Room 3, FREEPOST, 105 Gower Street, London WC1E 6BR.
Patron: HRH The Duke of Edinburgh, KG.

RNID
helps deaf people to live with deafness

Police call for hats after football clashes

A constable has called for the issue of protective helmets to help deal with football violence.

He was speaking on last Saturday's outbreak, which more than 200 arrests made. Courts in several towns imposed heavy fines on youths before them yesterday.

The Federation of Supporters' Clubs set up a booklet advising organizations how to deal with

TUC influence on economic strategy

The TUC decision on continued adherence to the 12-month pay rule is a keenly awaited element in the Government's economic strategy. At Blackpool next month the TUC is to consider the rejection of the 12-month rule, and more public expenditure and measures to combat unemployment.

Leyland pay proposal

British Leyland's truck and bus division announced new pay and productivity proposals covering 30,000 workers, which it said would significantly increase pay while remaining within the Government's pay guidelines. Discussions with unions at plant level started yesterday.

British envoy calls on PLO official

Britain's ambassador to Syria has called on a leading Palestine Liberation Organization official in Beirut at his own request. Palestinians see it as a signal for a shift in British policy but the Foreign Office categorically denies this. In Cairo, the envoy of EEC countries have met Mr Fahmi, the Egyptian Foreign Minister.

Dental payments

People may be asked to pay privately for treatment if a dispute between dentists doing National Health Service work and the Government is not settled. The dentists object to a syndicate which their pay would be cut over three years.

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ple ambitions
of the influential people backing Rev Nkomo's nationalist expectations to emerge as the recognized leader of Rhodesia's nationalists. He is the Nkomo-Mingaba. Patriotic ally exists though he will not them from settlement talks he is

Cammell dismiss 60
Camell Ltd Shipbuilders, Merseyside, dismissed 60 workers still picking its yard when the workforce returned after being laid off over a dispute over four men. The company said the future of the yard was in danger and that lay-off could re-start today

Bonn: Hery Willy Brandt warns West Germany that political extremists are working for the violent overthrow of democracy
Dover prepares: Britain's busiest port for passenger traffic is pressing ahead with new hovercraft facilities and expansion of its drive-in ferry installations

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HOW INSURANCE WORKS: 7.



Britain leads the world.

Today Britain leads the rest of the world in life insurance.

If you work out how much of Britain's national income is invested in life insurance—which shows the importance of insurance to the country—then Britain leads the world.

- 1st Britain
- 2nd Holland
- 3rd Japan
- 4th USA

Or, you can work out how much of the money everyone in the country saves is invested

in life insurance—which shows the importance of insurance to people. Again, Britain leads the world.

Today, four out of every five households in Britain have some form of life insurance.

Because, for generations, Britain's insurance companies and friendly societies have been free to decide where and when to invest money to do the most good for our policyholders.

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OVERSEAS

London denies British envoy's call on PLO signals shift of policy

Beirut, Aug. 22.—Mr. James Craig, Britain's Ambassador to Syria, has become the first senior British diplomat to hold an open and direct meeting with a leading official of the Palestine Liberation Organisation (PLO), an authoritative PLO source said here today.

The ambassador called on Khaled Fahoum, Speaker of the Palestinian National Council, at his office in Damascus at 10.30 a.m. on Saturday.

The sources said the meeting was arranged at Mr. Craig's request and that he had been given an official limousine with a driver to drive to the ambassador's office.

Britain does not recognize the PLO and its envoys are barred from holding direct talks with PLO officials. However, there have been informal talks, some at cocktail parties, between British diplomats and PLO officials.

Contacted by telephone in Beirut, Mr. Craig said the meeting had been a formal call, did not elaborate.

The sources said ambassadors in other European countries, such as Holland and France, had previously called on Mr. Fahoum while British and West German envoys had strictly followed American practice of "no contact with PLO officials".

British officials here pressed the hope that the meeting in Damascus was a step towards a shift in British policy towards the PLO. But they said such hopes were premature.

Diplomatic Staff writes: "The Foreign Office spokesman said last night that the meeting was a formal call, did not elaborate on Mr. Craig's call, including ambassadors, members of the PLO who were quite usual in the past. The PLO would not recognize PLO until they recognize the right of the state of Israel to exist," he added.

Asked what was meant by non-recognition in this context, there being no question of diplomatic recognition of the PLO, which is not a government, the spokesman replied that essentially it meant that contacts were kept to an official as opposed to a ministerial level.

British ministers will not see members of the PLO.

Cairo, Aug. 22.—Mr. Fahoum, the Egyptian Foreign Minister, today conferred with envoys of the European Economic Community in which Egyptian diplomatic sources described as a new diplomatic offensive against Israel.

The main aim of the meeting was to enlist support for Egypt and other Arab countries in their opposition to Israel's policy of establishing settlements on occupied Arab lands since the 1967 war, the sources added.

Israel's decision last week to go ahead with the establishment of three new settlements on the West Bank drew a wave of condemnation throughout the Arab world, as well as protests from the United States and the EEC.

Taking part in the meeting with Mr. Fahoum were the ambassadors of West Germany and the Netherlands and chargé d'affaires of Britain, France, Belgium, Italy, Denmark and Ireland. Luxembourg has no diplomatic mission here.

Mr. Yasser Arafat, the chairman of the PLO, was expected to arrive here today for talks with Egyptian leaders on an American proposal which could break the Palestinian log jam in the Middle East crisis, Government sources said.

The said Cairo suggested the visit as the Egyptian Government seeks Mr. Arafat's views on an American suggestion that the PLO accept the United Nations Security Council Resolution 242, with reservations concerning reference to the Palestinians as refugees.—UPI.

Mr Sithole expects to become sole leader

Salisbury, Aug. 22.—The Rev Ndabani Sithole today predicted he would be long the sole leader of the black nationalists inside Rhodesia, saying that support would continue to drain away from his rival, Bishop Abel Muzorewa.

Mr. Sithole was speaking in an interview with Reuters one day after a prominent nationalist, Dr. Elliott Gabelah, resigned as vice-president of Bishop Muzorewa's United African National Council (UANC).

Indications are that Dr. Gabelah will now join Mr. Sithole, who said today he expected more UANC rebels to cross over. "In fact, on the lower level there have been many more. Now with the resignations of Dr. Gabelah and others more are still following to our side."

Asked if he thought that in a reasonable period of time he would be able to present himself as the sole leader of nationalist aspirations inside Rhodesia, he replied: "Yes, because I have the support of very influential people."

Dr. Gabelah's resignation shocked the party, nationalist sources said.

Bishop Muzorewa's comment in London, where he is staying after talks with British and American peace negotiators, was that Dr. Gabelah had been a security risk and a political liability and that he was well rid of him.

Mr. Sithole says he has begun informal discussions with dissident members of the UANC, black businessmen and professional men as well as white, Asian and Coloured Rhodesians.

"What encourages me is that the majority of the people—black, white, Asian and Coloured—feel that a settlement is long overdue," he said today.

President Nyerere of Tanzania said at the weekend that Britain and the United States, who are trying to negotiate a peaceful transfer of power, were drinking two or three quarts of vodka or bourbon a day.

"I'd get drunk on weekends and everything in the world would happen to me. Going to the Silver Slipper with her (Fannie Fox). If I had known what I was doing it would have jolted me into reality. But I didn't know. I was having blackouts. I have absolutely no recollection of the Tidal Basin incident. All I know is what I read in the newspapers," he said.

He is now well on the way to recovery from alcoholism. He says he has not touched a drop of alcohol since February, 1975, when he entered hospital for treatment. He has been helped by Congress and he has his wife, who also used to drink heavily, spend much of their time helping other people with drink problems.



Trudeau together: Legally separated since May, Mr. Trudeau, the Canadian Prime Minister, and his wife Margaret are driven from Ottawa airport after flying in together from Vancouver with their three sons. Michel, aged 22 months, is on Mr. Trudeau's lap. Mrs. Trudeau has said in a newspaper interview that they are planning to stay in Ottawa for a while "as mother and father, not husband and wife" but she hoped for a reconciliation.

Wilbur Mills 'in drunken oblivion' at White House

From Our Own Correspondent Washington, Aug. 22

Mr. Wilbur Mills, the former American Congressman whose flamboyant relationship with Miss Fannie Fox, a striptease dancer, wrecked his career in Congress, was today so drunk at the time that he did not know what he was doing.

"I would get up in the morning and read in the paper that I had been at the Oval Office the day before with President Ford," he said in an interview with *Parade* magazine.

"I would read that I had suggested this and that. Yet I would have absolutely no recollection of being at the White House."

Mr. Mills, whose antics cost him his post as chairman of the powerful Ways and Means Committee of the House of Representatives, says that he was drinking two or three quarts of vodka or bourbon a day.

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Political pilgrimage by Mr Desai to seek Narayan blessing

From Richard Wigg Delhi, Aug. 22

Mr. Desai, the Indian Prime Minister, went on a political pilgrimage to Patna yesterday, to the home of Mr. Jayaprakash Narayan, often described as the nation's conscience-keeper.

He called on the older statesman who played an influential part in building up the Janata (People's) Party and securing its election victory in March.

It was essentially what would be called the blunter language of the West: a public relations exercise: to be seen to have gone all the way to Bihar state, to have spent 65 minutes talking alone to "JP" and secured the Gandhian leader's approval that the Janata Government was doing quite well in tackling India's problems. It thus conveyed to the masses the message that they must not be too impatient.

Mr. Desai had a second motive—blurring the impact of the remarkable meeting between Mrs. Indira Gandhi, the former Prime Minister, had with Mr. Narayan a week earlier, after which it was announced that Mr. Narayan had wished her "a brighter future after her bright past".

From the man who had inspired much of the disobedience campaign against Mrs. Gandhi and who was jailed by her after the emergency was declared in June, 1975, this remark could only perplex millions of Indians.

Mr. Desai after yesterday's talk told reporters that there were no differences between himself and the "very respected Sarvodaya (common welfare) leader" or between "JP" and the Janata Party he had helped to create.

The text of an interview given by Mr. Narayan has been conveniently released forecasting no prospect of a political comeback for Mrs. Gandhi. He advises the Congress Party that "Mrs. Gandhi must be made to realize that she has done enough harm" and that they should accordingly choose themselves new leaders.

Outside India it may be difficult to understand how these pilgrimages and frail words can count for so much. But in the complex life of this nation, in the tenuous dialogue between a restricted group of political leaders and the masses, they can be seen to be pressed into service as if they were political happenings or at least as a means to influence the political climate.

Mr. Desai's pilgrimage tacitly recognizes, however, that Mrs. Gandhi is making some of the political running again, even though many informed people here think that the underlying purpose of her campaigning is to secure herself and Mr. Sanjay Gandhi, her younger son, as a political position as possible in face of the investigations and police inquiries into some aspects of the emergency period.

Mr. Desai's visit to Patna also underlines the present leadership's awareness that it can provide no magic solutions to calm a reviving popular discontent.

The idea that Janata must settle down to a longer haul—it faces after all more than four years in office—emerged clearly from the three-day Janata Party meeting which just ended in Delhi.

On the economic front, all the party came up with in the short term was a recommendation to the Government to examine a tightening up of the old Essential Commodities Act so that blackmarketeers and hoarders could be put on summary trial when caught and not slip away, which they do now as a result of the cumbersome procedures of the normal courts. The Act was amended only last year.

Hoarding such essential items as edible oils, kerosene (for cooking), sugar and cloth is a factor in an inflation rate estimated unofficially at between 2 per cent and 3 per cent a month, despite the claim by Mr. H. D. Patel, the Finance Minister, that it has slowed down over the past three months.

A policy resolution also set up of vigilance bodies to curb price rises. For the meeting postponed until October any basic decisions on implementing Janata's election manifesto promise to review economic development priorities. A high-level group is to study the problem further. Differences exist on many essential points of policy.

Exclusion of blacks put reforms in doubt

From Eric Marsden Johannesburg, Aug. 22

Serious doubts over whether the proposed reforms in the constitution will work are being expressed both by constitutional experts and by leaders of the Indian and Coloured communities, which themselves are being offered a share in decision-making for the first time.

Failure to include provision for urban blacks to participate in government is the main objection. Indian and Coloured leaders fear this might turn black opinion against them if they accept the proposals.

From inspired leaks it appears that three parliaments are proposed—white (185 members), Coloured (92) and Indian (50)—each with a separate budget and no power to pass laws for its own racial group.

Reactions range from cautious welcome among Nationalists to scorn at the "futility" of introducing an expensive and cumbersome system without catering for 16 million urban blacks, who are the biggest racial group but are officially regarded as having political rights only in their native homelands.

Mr. R. Ramesar, secretary of the Natal Indian Congress, said plans which disregarded urban blacks were a waste of time. He claimed that the South African Indian Council had no mandate to commit Indians to such a plan.

Mr. Colin Eglin, leader of the Progressive Reform Party, the most vocal opposition since the demise of the United Party, described the plan as a unique but confusing approach to South Africa's problems. It departed not only from the Westminster system but in some ways from the policy of separate development. He questioned the total exclusion of blacks.

The deputy leader of the Coloured Labour Party, Mr. David Curry, said there could be no national solution without the urban blacks. It was naive to believe that Indians, Coloureds and whites could "go it alone".

Dr. Nthato Motlana, chairman of the "Committee of 10" which has unsuccessfully asked the Government to let it hold elections for an all-black municipality in the black township of the Johannesburg area, repeated his condemnation of the Government's disregard of the black community as "an exercise in futility".

Some constitutional experts outside Government circles were similarly scathing. Professor David Welsh of the University of Cape Town dismissed the plan as an attempt to ensure continued white control. It was not a genuine move towards power sharing and he predicted that the super-Cabinet's decisions would need revision by only one of the three separate Parliaments.

But Professor C. F. Nieuwoudt of Pretoria University, gave full support to the proposals, which he said accommodated the Coloured and Indian people in the political system. The urban blacks could be accommodated "at a later stage". The editor of the National Party's newspaper, *Die Transvaler*, Dr. Willem de Klerk, said it was a mistake to think blacks could be satisfied with a full stomach, a warm bed, a mug of beer and a few other amenities. Political rights were now the issue.

Dayan 'chat' with British PM raises speculation

Howard Morimer

Moshe Dayan, the Israeli Minister, flew into London last night for a 24-hour visit, whose purpose was the subject of considerable speculation both in Israel and in Britain.

He is expected to visit officially to brief British Jews on the visit to Israel of Mr. Vance, was announced two days ago.

Mr. Dayan's visit was seen as an objective would justify a trip to Britain by the minister in person, the much more important Jewish organizations had to make do with a first-hand account of the meeting yesterday and had no idea what Mr. Dayan would have to say. It was quite normal, he added, for the foreign minister to invite British Jews "for a chat" when in London, but he did not know why Mr. Dayan should be making a special trip on this occasion.

Dayan, but Mr. Dayan denied when leaving Tel Aviv yesterday that he had any such plans. If he intended a secret meeting it seems unlikely that he would arrange it in such a way as to invite speculation in advance.

As for British ministers, both Mr. Dayan and the British Foreign Office confirmed, that meetings are expected. Dr. David Owen, the Foreign Secretary, is out of London until tonight.

Lord Fisher of Camden, president of the Board of Deputies of British Jews, one of the Jewish leaders who are to meet Mr. Dayan today, told *The Times* last night that he had first heard about the meeting yesterday and had no idea what Mr. Dayan would have to say. It was quite normal, he added, for the foreign minister to invite British Jews "for a chat" when in London, but he did not know why Mr. Dayan should be making a special trip on this occasion.

Ldheim fear race in Africa

Aug. 22.—Dr. Kurt M. van der Stoep, the United States General, opened a 68-anti-apartheid conference today with a call for racial violence "unless South Africa changes its policies."

He said the conference, bringing delegations from 100 nations, was a warning to West African states, which could spread control into the ultra-race of a racial conference.

General Ollsegun, the Nigerian Head of State, gave a warning to West African states, which could spread control into the ultra-race of a racial conference.

He called for an "all foreign investment" in Africa as well as to "police and nuclear control"—Agence France-Press.

Campaign promises kept in Sri Lanka a but Tamil problems still plague new Government Weeks of turmoil sour poll victory

From Donovan Moldrich Colombo, Aug. 22

It is only a month since the spectacular victory of Mr. J. R. Jayewardene in Sri Lanka's elections, but in this short period the country's new Prime Minister has seen violence and unrest grow rapidly.

Both the post-election violence and the present communal disturbances are, however, legacies from the previous Government.

When the United Left Front Government of Mrs. S. D. Bandaranaike, the former Prime Minister, swept the polls in May, 1970, there was widespread violence against its opponents, the supporters of the United National Party. Mrs. Bandaranaike appointed a committee of inquiry but did not publish its report.

One of Mr. Jayewardene's first acts was to announce that this report would now be published.

The violence after last month's elections was greater than that of seven years ago and has so far brought at least 36 deaths.

Mr. Jayewardene has appointed a committee of inquiry on which opposition parties, too, will sit and has announced that, unlike in 1970, compensation will be paid to victims of violence.

As soon as the immediate post-election violence subsided, Mr. Jayewardene's Government kept its election promise to give adults eight pounds of cereals each week—although the issues of rice and flour disappointed people who expected a variety of food, lentils and so on. The Government also took immediate action to bring down the cost of living by reducing the prices of staple foods.

As in India, there are investigations under way into cases of alleged interference with the judiciary, large-scale tax evasion and other malpractices, and the perspectives of prominent people in government have been improved.

No discernible cracks have appeared in the Government in its first month in office and it has done a great deal towards keeping its promise of clean and efficient administration.

The solution of the problem of the Tamil minority remains Mr. Jayewardene's biggest task. During the past seven years the police and armed forces have behaved like an occupying army in the Tamil north and contributed greatly to the frustration of the Tamils, who decided to agitate for a separate state.

In his first month Mr. Jayewardene has removed one Tamil grievance by abolishing the standardization of examination marks, which was a transparent device to favour Sinhalese Buddhist areas.

But the Prime Minister evidently did not have time to summon the all-party conference he had promised to send the Tamil demands before the present attacks between ethnic groups began.

The present unrest, however, is the immediate goal and the settling of broader issues will have to wait.

San Salvador, Aug. 22.—The El Salvador People's Revolutionary Army has claimed responsibility for bomb explosions early yesterday at military installations and the headquarters of the ruling National Conciliation Party.

The rockets fell on the hill-top centre of Kariba, known as Kariba Heights, and the packed hotel, penguins, the cinema and the casino were quickly evacuated. But most of the rockets fell in thick bush and the holidaymakers seemed relatively unconcerned.—Agence France-Press.

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Indonesian paratroops aid earthquake victims

Jakarta, Aug. 22.—Indonesian air force paratroops were flown from here today to help the survivors of the tidal waves and landslides caused by the earthquake 300 miles south-east of Bali last Friday.

More than 150 people are now reported dead or missing, but a Government official said the earthquake may have killed more people than the 1976 tremor which left 500 dead in Bali.

The latest official count said 72 people died and 81 were reported missing after tidal waves swept the coastal areas of Bali, Lombok and Sumbawa—at some places reaching as far as three miles inland.

The paratroop team, led by Air-Marshall Dono Indarto, plans to set up its base camp at Lunyuk on the southern coast of Sumbawa island, which appears to be the worst hit area.

H. M. S. Minteraja, the Minister for Social Welfare, said today that the Government feared the number of victims might increase considerably after the teams reached inland areas and made a final count.

"We believe that the effects of this earthquake may be much more serious than the Bali earthquake," he said after giving President Suharto the preliminary casualty and damage reports.

Friday's earthquake was powerful enough to sway tall buildings in the Western Australian city of Perth, 1,864 miles away.—Agence France-Press and UPI.

Shah receives a warm welcome from Polish press

Warsaw, Aug. 22.—The Shah of Iran and Empress Farah arrived in Warsaw today on an official visit greeted by favourable front-page coverage in the Polish press.

It is the Shah's third visit to Poland since 1969. Mr. Gierk, the Polish party leader, visited Iran in January. The Shah is to stay in Poland until Friday.

The Polish press emphasizes that "Iran and Poland hold converging points of view on most international problems."

Agence France-Press.

Threat by rightist militia to enter Lebanon fighting

Beirut, Aug. 22.—Lebanon's alliance of right-wing parties today indirectly threatened to unleash its powerful militia unless the Government restored order in the Shouf Mountains, where at least 11 people were reported killed in factional fighting yesterday.

The right-wing radio reported that fighting was continuing in several parts of the Shouf, a mountainous area south east of Beirut with a mixed population of Maronite Christians and members of the Muslim Druze sect.

A spokesman for the right-wing "Lebanese Front" of right-wing organizations said: "We give the Government 24 hours to solve the situation in the Shouf. If it has not done so by then, the Lebanese Front will take what measures it is able to take to ensure peaceful co-existence in the region."

Observers said this was a clear reference to intervention by militia of the right-wing parties which have been training and arming personnel at a rate far outstripping that of the Lebanese Army. The regular armed forces splintered into at least four factions during the 19-month civil war.

According to the right-wing version of the fighting, Druze villagers led by supporters of Mr. Walid Jumblatt machine-gunned a Christian church service as part of a plan to drive Christians out of the area, and "Balkanize" Lebanon.

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Among the well-known people who endorse the value of a legacy to Help the Aged are Lord Shawcross, Lord Gardiner (the charity's president), Lady Spencer-Churchill, and General Sir Brian Horrocks.

Write or phone for interesting and helpful booklets on making wills, and on reducing the impact of Capital Transfer Tax (Estate Duty). Free on request from The Hon. Treasurer, The Rt. Hon. Lord Maybray-King, Help the Aged, Room T4L, 32 Dover Street, London W1A 2AP. Telephone: (01) 499 0972.

Lippines amnesty for the political prisoners

Aug. 22.—President today announced a amnesty for political prisoners.

He said the Philippines would hold by next year local elections after a period of martial law.

Speech opening the World Law Conference human rights, the president also announced a ban on inter-travel by Filipinos and of the midnight curfew.

Applause from 30 delegates representing more than 100 countries, the announcements by the president, who has been abroad for his alleged role in the 1973-74 military dictatorship, were seen as a step towards normalcy as we near to a solution of the southern secessionist movement as well as

the leftist-rightist rebellion and the economic crisis", President Marcos declared.

To ensure free polling, the "effects" of martial law would be lifted during the campaign period, President Marcos said. Officials said this would mean the lifting of restrictions on free debate.

A Defence Department spokesman said the announced ending of the curfew did not prevent the President from issuing a separate proclamation maintaining the curfew in areas still considered by the military to be "critical" because of insurgency.—Agence France-Press.

Our Legal Correspondent writes: "World Peace through Law" is an international non-governmental body, based in the United States.

Leading article, page 11

Quebec peace feeler rejected by premiers

From Robert Trumbull Ottawa, Aug. 22

The Premier of Canada's nine predominantly English-speaking provinces have turned down an offer by Mr. René Lévesque, the Premier of French-speaking Quebec, to allow French-speaking immigrants from the other provinces to settle in Quebec.

The measure would exclude from an English education most immigrant children, including those coming to Quebec from other provinces of Canada after the legislation is passed by the Quebec Assembly.

Mr. Lévesque had offered to have the Bill's educational clause changed to allow English-speaking immigrants from the other provinces to continue public schooling in their mother tongue, provided that the other Premier entered into an agreement with Quebec guaranteeing access to French education for French-Canadian children in their provinces.

The desire to preserve the ancestral language and culture of the French-Canadian minority in an overwhelmingly English-speaking country has been a key factor in the campaign for independence in Quebec, where 81 per cent of the six million population is French-speaking, compared with 26 per cent in the national population of 23 million.

But in spite of the historic cleavage between the two communities, a Gallup Poll last month showed that only 19 per cent of Quebecers questioned were in favour of separation, with 10 per cent undecided and 70 per cent against.

In spite of this poll English Canadians remain disturbed by the separatist success at the polls in Quebec and the vocal support of independence by French-speaking youths and intellectuals there.

Thus there has been a disposition in English Canada to try to come to terms with Mr. Lévesque on the language issue, especially since the new legislation has threatened to erect a linguistic wall round Quebec by accelerating the exodus of English-speaking Canadians already taking place.

But the Premier of the English-speaking provinces have found themselves unable to accept Mr. Lévesque's terms for ameliorating the language law. In the first place, the idea of provinces negotiating bilateral agreements as if they were separate countries was repugnant to some of the Premiers.

Many of them objected to the Quebec legislation on the ground that it would tend to divide Canadian citizens into different classes of citizenship according to language.—New York Times News Service.

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Mao's great error was an insistence on revolution: now the people have had enough

China's years of struggle: will the battle against the Gang of Four be the last?

Just 30 years ago, in the last inflationary days of the Kuomintang government in China, I was on a visit to Peking from Tientsin. I took a pedicab from the station to the end of the "hutong" where the friends I was staying with lived.

I asked the pedicab driver how much. \$30,000, he said. Rubbish! Absolutely absurd! I said; he knew very well that no Chinese would dream of paying so much; they wouldn't pay a dollar more than 10,000 and that was all he would get from me — trying to swindle an ignorant foreigner, indeed! The argument developed and had soon attracted a small Chinese crowd. It seemed easier to turn and appeal to them.

Was not \$10,000 from the station a fair charge, I asked. The expressionless faces never flickered. When one of them told me of paying more than that? Why should a foreigner be overcharged just because he was a foreigner? The expressionless faces remained absolutely immobile.

To all these appeals for sympathy and support in my just cause there was no response. I was sure they would pay \$30,000. I repeated, and no doubt, inwardly they agreed. Still, I was getting nowhere in my appeal for justice. Then behind me a quiet voice said: "Give him \$20,000." I crumpled, offered it and walked away.

Of course I had been familiar long before with this Chinese habit, the strong Chinese instinct for compromise. I must not be seen to win; the pedicab driver must not lose face by being defeated. Justice was not the point (of course I had been foolish not to have bargained the fare before ever leaving Peking station); what mattered was a settlement on terms of mutual acquiescence.

Reflecting on that and many similar instances of Chinese dislike of confrontations and their preference for compromise, I have often tried to imagine Chinese feelings in the conditions under which they have lived since 1949.

What changes brought by revolution have they found agreeable, acceptable, bearable or intolerable? Whereabouts did their instincts revolt against what was imposed and, in the event of a change, how would

the great heave of resentment make itself felt?

For those who knew China as one can only know a country by living in it rather than being a visitor, pre-Maoist China, that is, the greatest contrast between observable Chinese instincts and Maoist precepts must surely have been in the opposition of struggle and harmony, between the constant uncertainty and threat posed by "continuing revolution" set against a stability in public life that allowed of the political rectitude that has been natural to the Chinese for centuries.

Against this it must be said that where ritual performance is required of them the Chinese are very obedient and very good actors, giving an impression of total conviction whatever

slogans they are chanting. The necessity of bending to the wind, of never opposing directly the actions of government is also deeply ingrained in their public behaviour.

What the visitor to China has to puzzle out is when the enthusiasm displayed is mere conformism and when it follows from real conviction. To make the obvious point that it is commonly a mixture of the two only adds to the difficulty of interpreting China.

But leaving aside the boundaries of conviction and conformism in the Chinese mind—do all Chinese make the distinction easily? I have often wondered. I would hazard the opinion that if there is any burden the Chinese have borne during the heat of Maoist revo-

lution from which they long to be relieved it is this burden of continuous "struggle".

Let the struggle against the "gang of four" be the last. These ultra-Maoists were, after all, the proponents of struggle, the believers in cultural revolutions, the spokesmen for absolute revolutionary dedication.

Read the communiqué of the plenary session of the central committee at the end of last month and it is the references to the need to "achieve stability and unity in our country" that ring true, with their nationalist overtones, while the need for "developing the victories of the Great Proletarian Cultural Revolution" is simply inscribed on the banner that had to be unfurled.

It should not be overstated that the 30 million members of the Chinese Communist Party can hardly be sharply distinguished by now from the ordinary population—once after the twists and turns of "line" that they have to face in the last 15 years. Many of them, too, must be longing for stability and unity and an end to "struggles between two lines".

Of course it must be admitted that the policy of veering from periods of struggle to periods of stability and then back again to struggle was peculiarly Mao's. But in the period from 1974 onwards the struggle became an outright battle between the gang of four, backed by Mao, and almost all the rest

of the party which looked for leadership to Chou En-lai. In that period the prominence of Chiang Ching-kuo and her associates made them a distinctive group. They have served admirably as scapegoats at a time when many of Mao Tse-tung's political initiatives are being quietly dropped. Many of them—since the cultural revolution at least if not since the great leap forward—have been either unopposed or unsuccessful or done more damage than good; often all three.

But in making these changes can China risk any demotion of the figure in the new mausoleum? Certainly not. China's twentieth century revolution is primarily a nationalist one, by many the Communist Party is seen as the organ that has given effect to its most urgent objectives.

Any nationalist revolution needs a hero, a national hero. Sun Yatsen, who died 24 years before the People's Republic was proclaimed, could not fill the part. Not only was his death too early; with his English education he was too westernized; besides, his Christianity was him, the patronizing approval of the western world. For all his virtues he was not a product of the Chinese intellectual tradition.

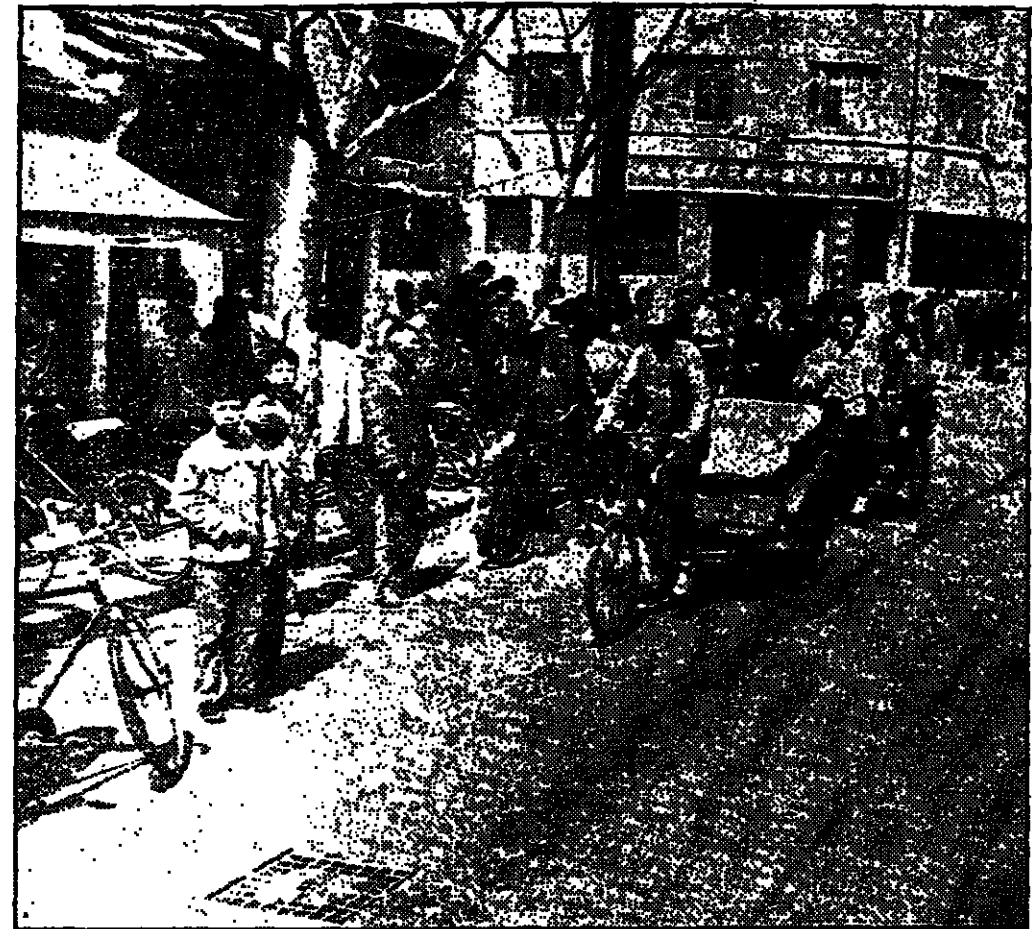
Chiang Kai-shek's failings were different. He was thoroughly Chinese and as proud as Mao. But he could not find his way to a doctrinal answer that met China's needs, nor could he conquer by virtue, as Chinese leaders should; he surrounded himself with third-rate sycophants, and leaned on Shanghai bankers and a vast secret police network. He could never carry the day intellectually or morally.

Mao did, but his faults were laterally greater, most of all in his tireless insistence on revolutionary struggle. China has had enough of it. The plenary session of the Chinese Communist Party's central committee in July and the eleventh party congress which ended on August 18 may thus be taken as a real turning point in the Chinese revolution. They mark a rejection of this aspect of Maoism.

Richard Harris

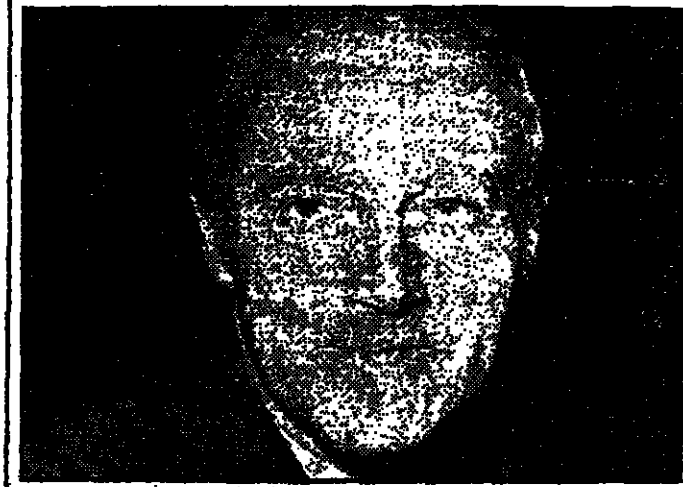


Mao and the Chinese people: what they want now is stability and unity.



What I would do if I were...

Mike Yarwood



David Bassett (above) writes the third in this series

The trouble with caricature is that your cast tends to disappear just as you have perfected your performance. Much is a once and only Prime Minister with his shoulders worth once he is returned to the relative anonymity of the back benches? And who cares about the phenomenon, if selective, powers of memory displayed by another past premier?

As Mike Yarwood surveys his stock-in-trade of yesterday, as abundant as a 1974 calendar, he may reflect on the remains of Heath and Wilson he might, at any rate, find some use for a pipe.

If I possessed Mike Yarwood's wonderful talent—and, to be frank, I would have considerable difficulty in mimicking anyone but myself—I think I would be rather less kindly than he is.

I would mount a kind of satirical party political broadcast, with a cast of ministers from our present Government, plus one important addition. I would not be able to resist including my elder son. His lateness is notorious not only in the household but throughout the club chicken world. He always has a reason. It is sometimes bizarre, often improbable, invariably true, but normally

He deserves a wider audience. But Ian's excuses would be a private joke, an indulgence that the real Mike Yarwood, as a thoroughgoing professional, would not succumb to. Heading the recognizable cast, naturally, would be the Right Honourable James Callaghan, Prime Minister and astute politician.

Mike Yarwood has got Jim wrong. So has most of the viewing public, thanks, it must be said, to the disguise that our Prime Minister himself has adopted. He is emphatically not Uncle Jim, the benign and slightly world-weary donor of birthday presents. Beneath the avuncular exterior lies one of the toughest—ruthless, even—politicians of our day.

Sometimes he makes up his public image with the reality that has taken him to the top in politics. I would have him dealing with one of his critics within the party, listening intently as the argument is deployed, and before moving in to crush the opposition prefacing his rejoinder with a misleadingly gentle, "Well, my dear

Denis Healey would give me an opportunity to dress up a borrowed, worn-out, top-up would be appropriate, perhaps, reminding us of his self-awarded TCM—"Tiny Chinese Mind"—which he thinks nearly everyone but himself is out of. Why, I would have him say, "I would have been forced by the IMF to follow the policies that come perfectly naturally to me anyway?"

Before my audience switches out of boredom to the rival channel, I would have him mock imitation of Tony Benn. A costume piece again. A Puritan hat to represent the Leveller, an ermine robe—and a labourer's muckskin trousers. My Tony Benn would explain how necessary it was to keep down prices by unnecessarily jacking up the cost of gas. Unemployment, I would have him explain, can only be



Mike Yarwood

tackled by messing up the turbine industry.

I would have to cheat a little once more with Peter Shore. Few viewers would recognize the significance of his T-shirt bearing a golden snail's head. But Peter and I would instantly recognize—as would Bill Rodgers—the emblem of Quarry Bank school, Liverpool, which we all attended.

However, the old boy network would not minimize my Secretary of the Environment. Here we have a socialist who proudly measures the success of his creed by the proportion of the GNP devoted to public expenditure. And here we have the pragmatic wisdom of a reduction in public spending, even at the expense of deteriorating services to the public and unemployment among those who work in those services.

And with Tony Benn, my Peter Shore would deliver a little homily on democracy with his theme the bizarre notion that when it comes to the European Parliament, the British people should be disinterested in the process of democratic participation confined only to members of the House of Commons. But my Peter Shore would use up a lot of rehearsal time. It's voice—a long way from Liverpool.

Some thought would need to be given to the future of the act. Should I start rehearsal Dr Owen and Roy Hattersley. Lack of time may preclude their inclusion in the act, although the shadow cabinet of notable characteristic of semi-cabinet ministers. Besides what they have said and do—said and done that is attractive satirical comment would require some research.

As to the shadow cabinet—be generous. Every man a woman jack of them would find a place in my act—if I could recall their names, their policies.

But trade union leaders. Out quite apart from the fact that retirement is removing Jack Jones and Hugh Scanlon from the scene as inevitably defeat and resignation overtake them, Mike Yarwood has not tackled me.

Apart from which we're so boring.

David Bassett

The author is general secretary of the General and Municipal Workers' Union.

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Devolution: new proposals but the crucial flaws remain

As one essential ingredient of the Government's Westminster pact with the Liberal Party, the Prime Minister has undertaken to reintroduce devolution legislation for Scotland and Wales in the next session of Parliament.

A few days before the Commons rose for the summer recess, the Government announced a number of proposed changes to their original Bill which had suffered such a humiliating defeat on the floor of the House.

Most of the Government's new proposals—which had long been pressed upon them by members on both sides—are improvements on that ill-conceived Bill but they do not go anywhere near far enough.

For example, if one is going to set off down the path of executive and legislative devolution there is much to be said for the method adopted in the Government of Ireland Act in which it was the powers to be reserved that were listed rather than those to be devolved.

However, the central flaw with which the Government has failed to come to terms is still that of the role and numbers of Scottish and Welsh MPs after devolution. It was on the equivalent issue that the original Irish Home Rule Bills failed, and this more than any other single issue convinced the House of Commons that last session's Scotland and Wales Bill was unworkable.

The reason for the Government's reticence is clear: the problems are virtually insur-

mountable. Once a Scottish Assembly is established with its own executive and legislative powers, then there will be wide areas of legislation and administration (such as education and housing) on which Scottish MPs will be unable to vote in so far as they affect Scotland but will be able to vote in so far as they affect England. Under the Government's present scheme Wales will be different yet again.

While it is true that such an anomaly existed in relation to Northern Ireland under Stormont, an anomaly that was only partly ameliorated by a reduction in her MPs, nevertheless what is acceptable as a special case in respect of 12 MPs is rather different from what is acceptable in the case of 107. A situation could arise in which Scotland could vote for and get a Socialist housing policy, whereas England could vote for a Conservative housing policy but get a Socialist one because the Socialists had a majority through their Scots and Welsh MPs.

There are only a limited number of ways in which to meet this problem.

The number of Scots and Welsh MPs could be reduced to parity with England, from 71 to 56 for Scotland and 36 to 31 for Wales. That would remove the additional representation, but it would not remove the essential problem. In any case Scotland and Wales are over-represented for well accepted reasons. Both are a long way from the centre of government and both con-

tain large tracts of sparsely populated terrain that would lead to geographically huge constituencies if there were the same average electorate as is found in England. In any case it could be argued that if Scotland and Wales needed extra MPs to look after economic and foreign affairs and defence before devolution they would still be needed afterwards.

Some have proposed that Scots and Welsh MPs could simply refrain from voting on matters which have been devolved and which therefore at Westminster relate solely to England. Apart from the difficulty of the differences between Scottish and Welsh issues, with Welsh MPs able to vote on legislation but not on executive matters, there are a number of weighty objections.

It would appear to be an impossible manner of conducting Parliamentary business. The United Kingdom Government, for some of the time, would remain a common United Kingdom tax-raising responsibility. Any proposal to increase expenditure in England, though by virtue of the block budget not in Scotland, could involve an increase in taxes throughout the United Kingdom, a matter of legitimate concern to Scots and Welsh MPs. Clearly, this is a recipe for chaos.

These problems arise because the Government's proposals fly in the face of principle. They govern any sound constitution: that every citizen must be related in the same way to those who govern him at each level of power and authority. Every part of the United Kingdom Government must be governed on similar lines. Scotland cannot be part of a quasi-federal United Kingdom and England part of a unitary United Kingdom.

Implicit in the suggestion that Scots should be excluded from certain votes is the recognition that after devolution there would be certain exclusive English or Anglo-Welsh issues. Those who propose the

"in and out" system described above are in fact proposing an English Assembly in embryonic form. However, the only way such a system could work would be if an English or Anglo-Welsh Assembly were created, either separately elected or based on MPs in the House of Commons. In either case it would need to have the same powers as the Scottish Assembly, its own executive based on the party structure in England, and to be funded in the same way. Then all United Kingdom MPs would have equal responsibility in all matters for their constituents.

I am not actively proposing such a solution, merely recognizing that if a Scottish Assembly with executive and legislative powers were set up and if England were not prepared to accept the anomaly of Scottish MPs being able to vote on English matters, then this is the only arrangement that could work. The fact has to be faced, however, that so far the English have shown no desire for such a system.

The other option is to establish for Scotland an Assembly with advisory and inquisitorial powers of the kind outlined in the Douglas-Home report. While that would be able to call to account the executive, the administration and public bodies and could have a role in legislation, in the absence of executive, financial and legislative powers it would remove any responsibilities from Westminster MPs: they would continue to have the same powers for all parts of

the United Kingdom, though in Scotland there would be another body to assist them.

Thus the options are limited. There can be a Scottish Assembly with limited but important powers, in which case the number and role of Scots MPs will not be affected. There can be a Scottish Assembly with executive and legislative powers and similar bodies in England and Wales possibly based on Westminster MPs, so that again the number and role of Scots MPs will be the same as in other parts of the United Kingdom. There can be a Scottish assembly as above but without the equivalent in England, with English acceptance of the anomaly of Scots MPs voting on English matters.

The trouble is that the Government prefers this last option but it has failed to argue the case through, while those who oppose it have not been prepared to face up to the implications.

Given the dissatisfaction of the Commons with the Government's choice, and the recognition of the desire for an Assembly in Scotland, but not in England and Wales, this is a central reason why it would be better to approach the whole issue on an all-party basis. Then we could see all the implications of the options available, and that in itself would be a positive contribution to arriving at the right decision.

Francis Pym

The author is Conservative MP for Cambridgeshire.

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THE TIMES DIARY/ PHS

Back to the desert with the Auk

The biography of Field Marshal Sir Claude Auchinleck, who has claimed in the past 35 years that he did not receive his full share of credit for winning the first battle of el-Alamein, is to be published next month by H. C. Gibbon. It is likely to be a controversial book.

The author of *The Auk—Auchinleck Victor at Alamein*, Roger Parkinson, argues the case that it was Auchinleck's victory in July, 1942, that enabled Montgomery to win the second (and famous) battle of el-Alamein in October/November of that year.

He describes "the painful relationship" between Churchill and Auchinleck, who was then the successor to Wavell as Commander in Chief in the Middle East. The relationship was at its lowest ebb in August, 1942, when the Auk had saved Egypt by halting Rommel's invasion (although his counter attacks had not driven the German tanks back).

Churchill arrived in Cairo to review the situation. Auchinleck insisted on postponing the resumption of the offensive until September so that his new forces could be properly acclimatized and trained for desert warfare. Impatient of the delay, Churchill removed the Auk from his command and gave the post to Alexander. The command of the 8th Army was transferred eventually to Montgomery.

Paradoxically, Monty postponed the resumption of the offensive even longer than Auchinleck had desired before, on October 23, 1942 at 10 pm he launched his infantry attack at el-Alamein. Sir Claude, who is now 93, lives in Morocco.

Any play advertising itself as "escaping traditional precepts of theatre by creating a new, aggressively humorous idiom" is begging for trouble if it falls short of its intention. And when it says, additionally, that its plot—three women investigating their sexuality—"extends far beyond the commercial compromise of women's plays" the imagination is ignited (like a forest fire). The claims are made by the Cambridge University Mummies who are putting on nine plays—on the fringe—at the Edinburgh Festival, from last night to September 3. The play that has especially

Troublesome tale's happy landing

My lack of authority as a writer on aerodynamics cannot have escaped your notice.

Last week, I corrected an earlier statement I made crediting Squadron Commander Dunning with the distinction of being the first man to bring an aircraft down on the deck of a ship at sea. Glenn Curtiss was our 1910 pioneer, I said, quoting what seemed at the time to be an impeccable source.

Louis S. Casey is curator of the aerospace collection of the Smithsonian Institution in Washington. In the current

edition of the skillfully produced *Naval Aircraft 1914-1939* (Phoenix 95p), he describes how Eugene Ely, a Curtiss demonstrator pilot, was shot down by a German U-boat on November 14, 1910. He completed the daredevil enterprise by landing (in a Curtiss D 1V Military) on the deck of the cruiser *Pennsylvania* on January 18, 1911.

Best cellar is up for sale

When Christie's wine department open their new season next month, the attention of all—including American connoisseurs on \$4,000 package tours—will centre on the last remaining bottle of the world's most expensive wine.

The bottle is 1808, may fetch as much as £10,000. Yet, for probably a fraction of that, collectors who can still see further than the wine in the glass may have something even more poignant.

This is the original cellar-book from which Professor George Sainsbury wrote his *Notes on a Cellar-book* which revolutionized English penmanship in 1920.

Sainsbury was his age's greatest wine scholar and the cellar-book fastidiously notes, in longhand, all his purchases and consumption from 1884 to 1915.

Gold is where you leave it

With the arrival in South Africa of some of the world's best Rugby players, the national match at Pretoria this weekend, sports yards are dominating conversation in pubs there, I am told.

One of them is about the 1972 Springbok tour of Britain. The captain was Dawie de Villiers, then a minister of the Dutch Reformed Church, and towards the end of the tour, the team was invited to a banquet at Guildhall by the Lord Mayor.

As the players took their places in the banquet hall, with its solid gold table settings, Mr de Villiers, mindful of the team's penchant for collecting souvenirs, asked if he could say grace.

The Lord Mayor thought it All We Want is Freedom, an East German film made for the Magabe-Nkomo Patriotic Front and now showing in London, has scenes of an ecstatic rally in Salisbury. But a colleague recently back from Rhodesia, has identified the rally as a pro-Mugabe one. And the bishop, as you know, is condemned by Messrs Mugabe and Nkomo as a lackey without any popular support. What helped by colleague finally to identify the rally were posters saying "One Man. One Vote", the campaign slogan of the Mugabe faction.

Black letter day

Charles Nissen was just when he started dealing foreign stamps. His first chess was a parcel for written by famous people he sold to their relatives at a time. His first sale was Lord Rothschild.

The London company was founded in 1894 taken over yesterday by S. J. Gibbons for £861,000. Nissen's stock includes baby the world's finest collection of Penny Blacks.

Today's true tourist tale: Two American women in Westminster Abbey. One says to the other: "Is this place open on Sundays, do you suppose?"

The book is being sold by one member of the exclusive Sainsbury Club, Michael Broadbent, of Christie's, on behalf of another, who remains anonymous.

The book is being sold by one member of the exclusive Sainsbury Club, Michael Broadbent, of Christie's, on behalf of another, who remains anonymous.



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THE RIGHT ANSWER AT HEATHROW

If ministers have sprung with perceptible gusto into resolute attitudes over the airport strike, that is partly because the dispute is well fitted in several ways, from their point of view, to be the new season's first skirmish. It may seem cruel to say it when thousands of travellers may be about to have their holidays ruined, but a strike of air traffic control assistants is a blow that will not bring the nation to its knees. Nor is the spectacle of 850 workers exploiting a Bank Holiday and their own key position to disappoint so many innocent customers calculated to evoke much sympathy either from other trade unionists or from the wider public. The strike is a petty and opportunistic one, and there is too much bound up in its outcome for the Government to be easily shaken.

Of course an almost complete suspension of air services in Britain would do far more than keep holidaymakers from the sun. International freight and business travel would be disrupted, in addition to the loss of revenue to the aviation industry itself. But there are other lines of communication, and as yet the strike is only planned to be of limited duration. One of its most unfortunate effects would be to divert painfully to foreign travellers (including the tourists whose custom is becoming increasingly valuable to us) that the British sickness is still endemic.

In other ways the dispute is

less well-suited for a test of strength. The traffic control staff insist with some justice that it is not about a pay claim at all, but about a settlement. A productivity agreement was reached with the Civil Aviation Authority in 1975, but pay controls were brought in before it could be implemented. Now that formal restraints are at an end, they want the agreement to be honoured. It involves increases of between 13 and 17 per cent, backdated (as originally agreed) to January 1975. In the Government's eyes these large payments, on top of a phase two award made earlier this year, would breach both the residual controls whose influence it hopes to maintain—the 10 per cent limit and the twelve-month gap.

However, Mr Len Murray has declared that the claim infringes neither of the rules that are understood by the TUC. An incomes policy based on an understanding rather than a formal bargain is bound to lead to differences of interpretation. It would obviously be wise not to alienate the TUC at the outset, if possible. The Government itself has indicated that it would not oppose genuine productivity deals going beyond the general restrictions. If new agreements may pass as exceptions, is it fair that a deal should be disallowed because its implementation has already been delayed for more than two years? That question cannot be answered without taking account of the conse-

quences for incomes policy as a whole. They depend on the number of directly comparable cases that may exist, and also on the likely effect of resistance or compromise on other trade unionists—something that is related to their assessments of ministerial pliability as well as the merits of the case.

There are probably not many frozen settlements of exactly the same kind as this one. But even a unique, much-publicized case can have an effect on the level of expectations. Agreements in mid-1975, in the scramble before controls were imposed, were made in an unrealistic atmosphere which greatly contributed to the difficulties that the country is still suffering from. That cannot justify repudiating them altogether, but it is legitimate for the Government to resist their implementation until the difficulties are under better control. There should certainly be no question of backdating the payments to the original date: that would be a sure way of inviting everybody to reach for all that they have forgone in the last two years. In the crucial first months after the end of formal controls, the need to prevent a momentum of soaring claims must override all else: the air traffic control staff should be allowed to enjoy the fruits of their old settlement when it is safe for them to do so, but not yet, and most certainly not as a reward for Bank Holiday blackmail.

HERR BRANDT BOTHERED BY THE RIGHT

A West German journalist second, described how, on seeing a motorcyclist with a wiskita on his helmet speeding down the Autobahn, he began discussing with his French assessors whether a neo-Nazi revival was taking place in West Germany. At the next petrol station they discovered that the outh was British. Some months later the journalist realized that he was probably not even a rightist Nazi but a "punk" rocker. Nothing very much is roved by this except that lost young people in any country can be attracted by Nazi symbols, and the sensitivity is obviously greater in Germany because of a past and because there are ill unregenerate representatives of that past who keep the myth alive. Does this justify the cry expressed by Herr Brandt in his letter to the Chancellor? or, quite, but he is trying to say something that should be heard.

Herr Brandt's worry is not inartfully about the manifestations of neo-Nazi activity, which actually everyone recognizes as very marginal and totally insignificant in electoral terms. He is more worried about the imbalance shown by the authorities in dealing with it, for they tend to be far less tolerant of similar activity on the left. Herr Brandt has a special interest in putting a protective arm around the non-violent left because he does not want the disaffected left wing of his own party to break away, but he is right also for other reasons to draw attention to the trend.

The political mood in West Germany has shifted to the right in recent years for a variety of reasons. The end of assured economic growth has made people less secure. So has the rapid change in social values. Fears of communist or left-wing governments taking over in Italy and France remove another prop from the familiar landscape, and the violence of the left-wing terrorist groups is felt as a threat to internal security. Probably the very rapid rise in the number and influence of civic action groups has also contributed to the feeling that the established political institutions

are no longer effective. One of the results is public pressure for sterner law enforcement and for often excessive vigilance in trying to prevent radicals entering public service.

The main danger of this tendency is not to the mainstream of politics, which is still dominated—and likely to remain dominated—by a fairly moderate consensus. The danger is of increasing disaffection and polarization on the fringes. Right-wing groups begin to feel they enjoy the silent endorsement of the population as well as the blind eye of some authorities—mainly at the local level. This in turn can increase frustration on the left, which begins to feel even more firmly excluded from normal political debate. Polarization can become socially and politically disruptive and have an increasingly unsettling effect on the political centre. Herr Brandt may be wrong to suggest that neo-Nazism is more important than it really is but he is right to press for a more even-handed approach to the extremes of left and right.

national Commission of Jurists accused President Marcos of maintaining martial law to perpetuate his own power and found that 60,000 people had been detained at one time or another during the last five years. Such comments have hitherto not deflected President Marcos from his personal rule.

There are some similarities between President Marcos's political manners and Mrs Gandhi's in India. He, too, was able to launch himself into a position of personal power from a handsome electoral victory in 1969. In 1971 restrictions on freedom followed and in 1972 martial law which still survives. At first "communist subversion" was the cause, then the Muslim rebellion in the south. And in justification, was there not more efficiency, less crime and corruption, better public order? Mrs Gandhi's supporters, publicized such benefits and claimed mass satisfaction thereby. As she reiterated her belief in democracy President Marcos describes his regime as "constitutional authoritarianism."

of the destroyed pets, it would be entirely self-indicated. Yours faithfully, CHRISTIAN MILLER, The Old Stables, Newbury, Berkshire.

Respecting champagne

From B. E. Caulton
Sir, Am I alone in deploring this childish habit of Grand Prix racing drivers (and now even winners of cricket matches) of shaking up their bottles of champagne so that half the contents spew out over all and sundry? Presumably these vandals are all beer drinkers. Yours faithfully, B. E. CAULTON, Willow Brook, Hedge Lane, Fyfe, Shepton Mallet, Somerset.

Climbing mountains

From Mr Bernard Bulford
Sir, We are at present camping at Great Tower National Scout Camp Site in the Lake District on our annual summer camp. We have been climbing up many of the mountains in the area such as Helvellyn and it has shocked us to see the amount of people going up these mountains unprepared. For example we have passed whole

TALK ABOUT THE RULE OF LAW IN MANILA

There is something odd in a conference organized by a body called World Peace through Law held in a country nearing the end of its fifth year under martial law. This is in Manila where President Marcos made a pically flamboyant opening speech yesterday promising a trial amnesty, the release of prisoners, lifting of travel restrictions and an assurance that a country would be moving towards normality in local elections next year. There was, however, no forecast of elections that might displace President Marcos and his friends and relatives from a power that is now in their hands. Nor, looked at closely, did promises made go very far in restoring liberty to all those who were arrested.

Mr Ramsey Clark, the former United States attorney general, said bluntly on the previous day that it was heart-breaking to see a conference being held in Manila where the martial law was supposed to be the rule of law to which the reference was supposed to be dictated. Earlier in August, a report published by the Inter-

Spread of kissing

From Mrs Betty Naggar
Sir, Re Mrs Jane Gordon's letter (August 13) the agreeable act of frequent kissing will only cease if there is an epidemic. I once lived in a country where handshakes on meeting and parting every time one met the same people during the day was the norm—until cholera broke out. Then it stopped. Yours faithfully, BETTY NAGGAR, 12 Ovington Mews, SW3.

Signs of global changes in climate

From Dr John Gribbin
Sir, In her discussion of the Met Office annual report, Sue Reid (article August 19) cites the comment from that source that the recent sequence of record breaking droughts followed by record breaking rain in England and Wales can be expected to occur only once in 500 years. Putting this another way, the argument seems to be that assuming we are not experiencing a climatic shift, the odds against our recent weather pattern are 500 to 1. If a 500 to 1 outsider were to win the Derby racing men might suspect something fishy; the occurrence of a 500 to 1 outsider showing up in the weather is equally suspicious, and more sophisticated statistical tests can confirm that something odd is indeed going on in climatic terms.

In non-mathematical language, the argument runs something as follows. If we have a working hypothesis (in this case, that the climate is not changing) and some sequence of events occurs which deviates significantly from the pattern of that hypothesis, it may well be that, rather than bleeding a "special case" we should think seriously about changing our hypothesis. When it is recalled that many studies of the vagaries of climate were drawing attention to a global shift in weather patterns even before the events of the past two years, it surely becomes very difficult to retain any longer the hypothesis that climate is not changing. With the corollary that recent troubles mark a "once in 500 years" freak.

The test of any scientific hypothesis must be its use to forecast the outcome of "experiments", whether natural or man made, so perhaps I may be excused for pointing out that one of the few "forecasts" that the Spring drought of 1976 was likely to set worse before it got better was made by myself, in these columns, on April 30 last year. In the same spirit, the hypothesis that climate is shifting in the direction remarked on in your Leader of August 19 enables us to make the further prediction that we can expect extreme weather conditions of all kinds in Britain in the next few years. More droughts and more floods; severe winters and some very hot summers. And all this without taking account of any harmful influence of mankind's activities on climate.

Yours sincerely, JOHN GRIBBIN, University of Sussex Science Policy Research Unit, Mantell Building, Brighton, August 19.

Freedom to march

From the Chairman of the National Front
Sir, Two items in your August 19 issue cannot be allowed to go unchallenged. Firstly, Mr John Mendelson, in his article on page 12, conjures up "organizers of the National Front" who have "openly admitted that they are going into parts of cities and towns with a high percentage of immigrants to tell them 'to get out'". I know of no such "organizer" of our party who has made such a statement; perhaps Mr Mendelson would provide me with his name. In fact we do not go to such areas to tell immigrants anything; we go to address ourselves to whites who are badly affected by the consequences of the Government's multi-racial policies.

Nonetheless, with this Mr Mendelson claims to have spoken to a National Front member who said, on the occasion of the Lewisham march, "I am here for a punch up", and cites this as having been acknowledged by this and other members of the second main reason for their presence.

Just like that! How convenient for Mr Mendelson that he is not required to produce these "members" to substantiate what he claims they said. I dare say I could write you a paper and say that I have travelled up to Penzance where I understand Mr Mendelson is the local MP, and met members of his constituency Labour Party who had come to Lewisham, on their own admission, "for a punch up". Would you be as ready to bring my claims? I would not criticize you if you were not.

This does not deter Mr Mendelson, however. This information, to which apparently he is the sole witness, "proves that the National Front organizers deliberately ordered their supporters... into Lewisham to provoke violence and to create conditions of political violence". Not satisfied with this, he goes on to say that our purpose in going into Lewisham was "to intimidate—physically members of the immigrant population to frighten them into leaving the country".

This is downright rubbish, and it should not be too difficult to recognize it, as such if you have

Work for school-leavers

From Lord Walton
Sir, Much of the countryside today is disfigured by dead elms, and it is probable that during the months ahead their numbers will increase. Not only is the cost of cutting down these trees very high, but there is a severe shortage of labour to carry out the job.

Letters to the Editor

From Dr P. D. Buisseret
Sir, Yesterday evening following the BBC television news there happened something which I have seen before and have often been puzzled by. A map of the British Isles is shown with the country divided by lines into two or three segments, each segment giving a different forecast for that particular area. It seems to me that the differences are sometimes so marginal as to be imperceptible.

For instance we are told that while one portion of the country will expect sunny periods with occasional showers, another may look forward to sunny spells with isolated outbreaks of rain, and a third is likely to get rain at times with sunny intervals.

Can anyone tell us what the differences are between sunny spells, sunny periods and sunny intervals; likewise occasional showers, outbreaks of rain and rain at times?

Yours faithfully, P. D. BUISSERET, Department of Medicine, Westminster Medical School, London Bridge, SE1.

The way the wind blows

From Bishop Kenneth Healey
Sir, It was, I think, in 1911—a year to remember, anyhow, and not least for the day (August 9) when the thermometer registered 100 deg F in the shade—that a school friend lent me a geography manual by the prestigious Professor Metkelsjohn. In this was told that the south-west wind prevailed over Britain for three hundred days, on average, each year. For the next few years I kept count of the days on which Nature defied the professor, and having proved him wrong for long enough I satisfied myself that either the climate was changing or that the professor's observations were made on the south-west coast. I accepted the fact that "averages" are of no practical value to the weather watcher.

Figures, however, are always interesting. On how many days of 1977 so far has the wind blown from the south-west? Our impression here is that for the last six months it has come from an arc between NE and SE. Has anybody kept count?

Yours faithfully, K. HEALEY, Little Needham, Gedney Dyke, Spalding, Lincolnshire, August 17.

seen the TV film reports of the fracas—better still, if you witnessed the fracas first hand. The true fact is that large numbers of immigrants, whipped up into a frenzy by a few unscrupulous politically motivated agitators (most of whom were white) together with other whites, went berserk in the streets of Lewisham in an attempt to physically beat up the marchers of the National Front, who included many women, youngsters and elderly people—the exact reverse of what Mr Mendelson claims.

Let me now come to the letter from Lord Duncan-Sandys, published two days earlier, which in one paragraph states that "freedom of speech and freedom of assembly" must be preserved as part of democratic liberty but that this should not necessarily include the right to march through streets. The inference of this seems to be that it is marches that are provocative of trouble, though not ordinary meetings in halls or public places such as Trafalgar Square. Well, Lord Duncan-Sandys might have thought twice about this had he been at Ladywood with me the following evening, where left-wing hooliganism of a type no different to that of Lewisham was directed this time at an indoor meeting.

This is not all. Even our private and internal meetings have been attacked in the same way by red mobs. The truth is that it is our mere political existence, and not where we particularly manifest our views, that constitutes the "provocation" to the extreme left.

It is of course very easy for politicians whose parties have regular access to the mass media to state their views to decry the use of marches and demonstrations in the streets by others who do not have this sort of access. To us, such public demonstrations are one of the few ways we have to gain a hearing. Is your paper willing to commission one of its leaders of the National Front to state our case in its columns? Are any leading national papers thus willing? If so, we could consider changes in our present emphasis on street activities.

Yours faithfully, JOHN TYNDALL, Chairman, National Front, 91 Connaught Road, Teddington, Middlesex, August 19.

chain saws and caravans where the gangs could live, but excluding the value of the unemployment benefits which the school-leavers would in any case receive, the work could be done at a reasonable cost, nobody would suffer, and there would be benefits to the environment and, above all, to those who would otherwise be out of work.

If such a scheme succeeded, and given the existing good will on both sides there is no reason why it should not, this could lead to the formation of some form of voluntary youth corps which could carry out a whole series of valuable social services for which today there is a great need. I have in mind particularly such things as reading to the blind, digging the gardens of those who are too infirm to do it for themselves, decorating the houses of old people who can no longer climb up ladders, and a whole variety of similar services which need time and good will but little training, and where there is no competition with any existing labour force. Yours truly, WALSTON, House of Lords, August 18.

Nuclear security and civil liberties

From Mr Paul Sieghart
Sir, The Secretary of the UK Atomic Energy Authority (August 12) draws attention to two documents not published until after I wrote the article for the *Observer* of the *International Commission of Jurists* which Roger Berthoud summarized in your issue of August 2. They are the White Paper Nuclear Power and the Environment, and a Department of Energy press notice of June 2 entitled "Long-Term Security of Nuclear Power". I must confess that I cannot find much in either of these documents to assuage the worries to which my articles were addressed.

The White Paper, in the first passage which Mr Seaby quotes, rightly points out that it is not the availability of plutonium alone, but its conjunction with the prevalence of terrorism, that dictates the degree of security surveillance which must be carried on within a nuclear society. But, of those two necessary causes, one at least is still under our control. We may not be able to reduce the number of determined terrorists in the world, but it is within our power not to multiply the quantities of plutonium, which is an entirely man-made substance. When you know that there are curbstoats about, is it wise to accelerate the manufacture of butchers' knives?

The other passage from the White Paper which Mr Seaby quotes can only say that the availability of plutonium will be "severely restricted", and the risk of successful terrorist action "reduced". Even there, the cost of security will have to be taken into account. When the consequences of such terrorism are as dire as the small reassurance to be told that such an event will not happen more often than we can afford.

The passages which Mr Seaby quotes from the press notice do even less to allay our concern. We are told that there will not be much positive vetting (in which the subject concerned has the opportunity of answering or explaining any matters which may cast doubt on his loyalty or integrity). But what of negative vetting, which goes on without the subject's knowledge, which is carried out in secret, and which is carried out on a far larger scale because it is so much cheaper

European Assembly

From Mr Neil Marten, MP for Banbury (Conservative)
Sir, Lord Boothby (August 18) is quite right—a directly elected European Assembly will probably be fatal to the cause of European unity. The Chairman of the European Movement (Lord Thompson) has given an indication of how this might happen when he wrote, "After direct elections the Assembly will be converted into a rival of national parliaments fighting for a fairer share of parliamentary power."

If directly elected members of the European Assembly (MEAs) start trying to snatch power from the national parliaments of France and Britain they will certainly get a smart slap in the face. They will then be left with the almost non-existent powers which they have today.

That being so, what purpose is served by direct elections? The standard reason given is that it will make the "machine" more democratic. But will it? Direct elections do not necessarily bring democracy; Russian MPs, directly elected, have not increased democracy. On the other hand, some western democracies have nominated senates exercising power as a second chamber. Democracy is more about the use of power.

So, with no extra powers, disillusionment and frustration will soon set in. Recrimination between those countries wanting to give more power to the Assembly and those not wanting to will increase.

Where in the world?

From Mr Barry Winkelman
Sir, Mr C. J. Saville-Glasville (letter, Aug. 16) is wrong about the *Times Atlas* PM afraid. It is not produced in England for the English. Its major part, the maps, are produced in Scotland and its major sale is overseas. The domestic English market is buoyant but is nowhere near large enough to support the immense costs involved in the *Atlas*'s production. The *Times Atlas* was the last of its kind, its international sale and that in turn would be severely reduced were our place-name policy too narrowly national. But, in fact, we are far from being extremists in this area: I know of one edition that has Gaelic for all its names in Ireland.

The *Times Atlas* uses more English names for provinces and cities in areas using non-Roman scripts (such as China and the Arab countries) and English transcription systems for the lesser names than is the case with many other English atlases.

Yours sincerely, BARRY WINKELMAN, Times Books, 18 Ogle Street, W1.

Colour in the census

From Mr Ivor Frank
Sir, Can anyone help me out of the frying pan without landing me in the fire? Mr Redfern of the Census office (August 18) wants to add the question "Are you white?" or "Are you Negro or black?" or "some such adaptation of that" to the 1981 census. I am a bit brown, so I cannot tick the "black" box. My father is Nigerian but my mother Irish so I cannot tick the "Negro" box. If I refuse to complete the census I will break the law. Equally if I complete it I will be uttering a false document. What should I do to obey the wise laws of my country?

Yours sincerely, IVOR FRANK, 95 Gower Street, WC1.

County boundaries

From Lord Mountgarret
Sir, Mrs Woods (August 5) is not alone in her rightful indignation in the treatment of Bristol at the

Year of the hoverfly

From Mr George Hill
Sir, Perhaps I can trace a little further the movements of the hoverflies that Dr Britton (August 17) saw on the south coast flying north. There was a plague of them here in Aldeburgh until just a day or two after he wrote (also of the aphids that they feed on). Then they decided to fly out to sea. A little way from the shore there were hoverflies struggling on the surface every yard or so: I walked 400 yards along the beach and found dying insects at the water's edge all the way, about 30 of them to a foot—about as many individuals as the number of clergyman listed in the current edition of "Crockford's". Almost all were hoverflies, though I saw a few bumblebees and other insects; only the ladybirds made any determined effort to resist their fate.

The odd thing was that the wind had been blowing offshore all day, so that they must have set off out to sea, not been carried out accidentally. Since then hoverflies have not been a problem, though one still sees a few.

Yours, etc, GEORGE HILL, Tamarisk, Crabbe Street, Aldeburgh, Suffolk.

the already constant bickering between the member countries. The British public will become even more disenchanted with our membership of the Common Market than they are today—the latest opinion poll gives 53 per cent against membership.

One can understand why the Commission is so passionately in favour of a directly elected Assembly because they will then regard it as "their Parliament" and will increasingly ignore the national parliaments.

The real answer to the whole question of the Common Market is surely to recognize that the Treaty of Rome itself is an outdated document which will become unmanageable if Greece, Spain and Portugal join. We should restart the whole venture, keep the good, reject the impractical and have a new treaty based on cooperation between a wider grouping of nation states without any supra-national pretences.

The European Assembly (unelected) could be merged with the Council of Europe and the Commission converted into the coordinating Secretariat of the Council of Ministers.

To continue clinging to the outdated concept of the Treaty of Rome in this fast changing world is unworthy of responsible and progressive political leadership which genuinely desires European unity.

Yours sincerely, NEIL MARTEN, House of Commons, August 19.

hands of the bureaucrats. Rutland has disappeared completely. Berkshire has been reduced to a mere figure of its former self. The three Ridings which had existed for over 1,000 years disappeared overnight to be replaced partly by such figments of imagination as counties such as Cleveland and North Humberside.

A similar nonsense has been made for Scotland. The entire area of the Highlands in one county—Highland, whereas counties are now Districts.

There are, I know, many people in these areas who share Mrs Wood's indignation, but, alas, as with many things these days, the people who are most concerned are the bureaucrats who it comes to bureaucratic expediency.

Yours faithfully, MOUNTGARRET, Wyvis, Ewanston, Ross-shire.

Year of the hoverfly

From Mr George Hill
Sir, Perhaps I can trace a little further the movements of the hoverflies that Dr Britton (August 17) saw on the south coast flying north. There was a plague of them here in Aldeburgh until just a day or two after he wrote (also of the aphids that they feed on). Then they decided to fly out to sea. A little way from the shore there were hoverflies struggling on the surface every yard or so: I walked 400 yards along the beach and found dying insects at the water's edge all the way, about 30 of them to a foot—about as many individuals as the number of clergyman listed in the current edition of "Crockford's". Almost all were hoverflies, though I saw a few bumblebees and other insects; only the ladybirds made any determined effort to resist their fate.

BY THE FINANCIAL EDITOR

A different style of floating

After Bristol's brave, though unenthusiastically received, pioneering attempt to "float" earlier this month, it looks as if the Metropolitan Boroughs of Dudley and Oldham may generate rather more enthusiasm with a scheme concocted by Morgan Grenfell and Greaveson, Grant.

The essence of the Dudley and Oldham issues—each has issued £10m of Floating Rate Stock, 1982—is simplicity and appropriate tailoring to the intended markets, namely the banking sector, any other deposit-taking institutions and money market operators. This means that whereas Bristol trod the path first beaten by the Government and tied its coupon to Treasury Bill Rate, Dudley and Oldham have linked their coupons to the more appropriate rates of the inter-bank market—offering one per cent over 6 month LIBOR.

In other words a bank, or any one else with access to the money markets, will be able to fund themselves for six months at a time and hold stock in the certain knowledge of obtaining a 1 per cent gross margin over their financing costs. Barring national calamity, they will also be able to re-finance themselves on a six monthly basis, each time knowing that the 1 per cent gross margin—obviously rather less net of expenses—remains intact.

In the first instance, it is this certainty that is probably all-important for the target investors, albeit that the initial yield of just under 8.2 per cent compares poorly with nearly 8.6 per cent obtainable on the Bristol stock. One can still ask, however, if 1 per cent over 6 month LIBOR is likely to prove enough.

The answer to this is: probably just about now that the banking "corset" is off. While the corset was still on some banks, although below their ceilings, were slightly wary about entering roll-over commitments to local authorities and such financing was costing the authorities 11-13 per cent over LIBOR. Since the removal of the corset, however, banks have felt free to compete and deals are reported to have been done at close to 1 per cent over LIBOR.

● The growth curve is now well and truly flattening out at BOC International with its nine month pre-tax profits 16 per cent up at £60.4m. Thus third quarter growth is down to 6 per cent, which compares with a 23 per cent improvement at half time and the spectacular 60 per cent growth for the whole of last year.

The outcome for this year now looks set for the £83m region, an increase of 13 per cent which will look distinctly modest after the last three years. This kind of plateau clearly raises the question of where the company will go next and whether it is likely to be testing new profit ground in the near future.

The forecasting problem has always been the even international mix of BOC's operations. This has given it strength against local recession but limits its ability to take advantage of an economic upturn. With the variable performances of the major economies and the uncertainties in Africa and Asia, the market rating was traditionally cautious until last year's figures intervened.

Since then a steady rerating of the shares has been taking place, helped by the fading out of the influence of the 1975 rights issue. But the possibility of more new paper in the next year or so may have a restraining effect. At 84p, off 2 1/2p yesterday, the shares are selling at 7 1/2 times prospective earnings, yield 5.2 per cent and look set for a fairly unexciting ride.

In the meantime, the United States authorities are still keeping their options open on whether they should challenge further the company's one third stake in Airco and the continued uncertainty is bound to be unsettling.

Frizzell Group

Bypassing the Stock Exchange

The decision by insurance brokers Frizzell Group to eschew a stock market quotation in favour of the easier route of a cash injection by Finance for Industry's venture capital arm, Industrial and Commercial Finance Corporation, is a significant indictment of the market's attitude to small companies.

On the surface, Frizzell has everything going for it. Like the rest of the insurance broking industry, it has an impressive growth record with pre-tax profits rising from £922,000 in 1973 to £1.74m last year. It would have no difficulty in complying with The Stock Exchange's listing requirements, and the family is keen to dilute its present 70 per cent stake. Indeed, so keen were Frizzell three years ago that only the

blue touchpaper had to be lit for a public quotation before the market subsequently turned against it.

There are, it is true, one or two caveats. Most important looks to be Frizzell's tardiness in going into Europe which has provided the real stimulus for the larger broking groups. All things considered, though, Frizzell has all the makings of a prime candidate for a public quote.

The snag is that however attractive Frizzell may look intrinsically the group is still a minnow compared with the other quoted groups. So even with a public quote the group is likely to find itself shunned by the investing institutions.

Much of the evidence to the Wilson Committee has centred on the way smaller companies have been left out in the cold in the



Mr Norman Frizzell, chairman of Frizzell Group.

last few years and the success of Nightingale's over-the-counter market, together with the Stock Exchange's tacit admission in its evidence to Wilson that the OTC market had a role, is a further indication that companies of the size of Frizzell find the rigmarole of obtaining a full quotation hardly worth the trouble. Frizzell is not discounting the public quote in due course but in the meantime the £3m from ICFC allows the family to take roughly £1m out while giving the company £2m to pursue its overseas ambitions.

For ICFC, Frizzell represents one of its largest single investments. The question now is how long before FFI itself, faced with poor demand for medium-term capital, starts to muscle in on Equity Capital for Industry's territory, especially as ICFC took the initiative in approaching Frizzell.

Equities What the charts say

Although the stock market has fallen back modestly after failing to penetrate the 500 500 mark on the FT Index, chart analysts are surprisingly unanimous in their view that equities will continue to rise and will soon reach their all time "high" of mid-1977. In the short-term, a number of chartists see the relatively sluggish gilt market as a temporary curb on ordinary share prices. But few expect gilt-primed reverses seriously to affect the market's upward momentum.

Chart Analysis takes the hardest line on the gilt argument and feels that equities are now vulnerable to fairly sharp reversals that could test an established resistance level around 474 to 480.

CA believes that a setback taking the market below that range would be extremely worrying although on balance they remain optimistic, at least temporarily cautious.

Investment Research of Cambridge takes a more sanguine view. They feel that equities may now have moved into a phase where they are no longer closely linked to the fortunes of the gilt market, and see no reason to alter their view that the FT Index will hit 600 by February, 1979.

Chart watchers in a number of stock-broker's analysis departments judge Investment Research's 600 target as overly cautious. But oddly enough, not one of the optimists was willing to put his name to a firm forecast.

One view common to all the chartists, is that too much stress is put on the 500 "barrier" on the FT Index. Private investors, who traditionally lost their nerve when the Index came in sight of such a round number, no longer have much influence on the market, they argue.

Institutional dominance of the market accentuates share price volatility. But it has also had the effect of abolishing the less rational Index resistance levels.

The next prime test of market confidence—assuming that the gilt warriors are proved wrong—is expected to be in the 530 range running up to the 543.6 reached at top of the bull market in 1972. Once through that range there are no obvious technical barriers in sight.

Five motions for the annual Trades Union Congress in a fortnight's time call for a reduction in the standard working week from 40 to 35 hours to bring down unemployment. Last week the Transport and General Workers' Union announced its intention to claim a 35-hour week in the construction industry, no doubt the first of a number of such claims.

Overtime among male manual workers in building averages five hours a week and in civil engineering 11 hours. But only three motions on the TUC agenda, not including that of the transport workers, advocate a reduction in overtime.

In the week ended May 14 this year, nearly two million operatives averaged 8 1/2 hours overtime a week—in manufacturing industry alone. Total overtime hours worked in 16,580,000, nearly two million more than a year earlier and the equivalent of more than 400,000 full-time jobs.

Since only one-third of employees are in manufacturing, the total of overtime hours worked each week must be far higher than that.

Most of the overtime is done by men on manual work in all industries and services, according to the Department of Employment's survey for April last year, such men, excluding those absent for part of the period, averaged 5.4 overtime hours a week, while white collar men averaged 1.3 hours and women less than an hour.

Average overtime hours among men covered by some of the main collective agreements are given in the table.

Other sectors of industry in which men's overtime averaged more than five hours include sea transport (16.1), parts of metal manufacture, bricks and other building materials, port transport and wholesale and retail distribution of food and drink.

Clearly substantial overtime

is worked in many large sectors of British industry and much of it is regular and systematic. If a determined and sustained attempt were made to get rid of that, the effect on unemployment might be no less than the effect of a campaign for a shorter week.

Experience has shown that reducing the standard week is slow to have an appreciable effect on the number of hours actually worked. It is surprising that Mr Jack Jones, who has led the campaign for a shorter basic week in Europe as well as in this country, has not given higher priority to reducing overtime. His union is powerful in many of the sectors working long hours.

No one would want to get rid of overtime altogether. It is often needed for rush orders or in other emergencies, or to deal with irregular work or because of the special nature of the job, such as that of seamen.

Building labourers often start work half an hour early to prepare for the craftsmen and that counts as overtime.

Civil engineering workers sometimes work very long hours to take advantage of favourable weather. But overtime work could be compensated for by alternative time off.

AVERAGE WEEKLY OVERTIME HOURS WORKED BY MEN

Private sector	Public sector
Baking 14.1	Railways 11.2
Civil engineering 10.9	Municipal buses 9.8
Shipsbuilding 8.8	PO Engineering 7.7
Milk products 8.4	Rail workshops 5.9
Electrical contracting 7.3	Health Service ancillaries 5.7
Papermaking 5.9	Gas supply 5.4
Chemicals 5.4	Coal mining 5.4
Building 5.1	London buses 5.0
Food 4.7	Government industrial 4.8
Engineering 4.6	Police service 4.6
Cotton 4.1	Local authority manual 4.4
	Wages councils and boards
Road Haulage 11.3	Farming 5.7

Italy prepares to shoulder a huge burden of company debt

A pre-empting consequence was that the deterioration in firms' balance sheets has the power of feeding on itself, generating losses which in their turn have to be faced through further recourse to indebtedness.

At the same time the Mediocredito system highlighted—and this has largely escaped attention—that many medium and smaller companies are in a much healthier state.

Of the 795 companies surveyed, 116 were under family control with a capital which in 1968 did not exceed 1,000 million lire (monthly sales of 250,000 lire or above 10,000 million lire (£5.7m) and a workforce not above 1,000).

These, on the whole, returned to profitability after making losses in 1975, and were able to finance capital investment requirements out of their own resources.

These companies, it might be added, have a lower debt burden often because the banks apply to them stricter lending criteria and they have been spurred thereby to greater self-reliance.

The Italians have a genius for survival and, despite pessimistic comments by individual bankers, there is not yet the feeling in the air that the country and the economy of a crisis like that of the 1930s.

This was when Banca Commerciale Italiana, Credito Italiano and Banco di Roma were saved from collapse by the formation of IRI to take over them and their holdings in unsuccessful companies.

Signor Salvatore Buscemi, head of research at Banco di Sicilia, makes the point that the Andreotti government, thanks to the support of the Communists and other democratic parties, is in fact now in a stronger position to make the banking system accept disastrous but necessary solutions in a way that earlier administrations could not.

Any crisis coming to a head in the autumn ought to be faced with less pessimism than

than under previous governments.

The Government is indeed understood to be working on measures derived from a range of ideas ventilated in the past by Signor Carli and Signor Paolo Baffi, respectively former and present governors of the Bank of Italy.

The measures are reported to envisage banks setting up consortia or special holding companies to take capital shares, possibly preference or non-voting, in ailing companies.

The funds for this, it is suggested, would come from the reserves of banks which banks in return be granted special concessions.

But what the Government has in mind is still obscure and little can be said except that more is likely to be heard of it in coming months.

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	Nine months to 30.6.77	Nine months to 30.6.76	Year to 30.6.75
Group sales	£499.1	£442.3	£301.6
Operating costs	415.6	370.2	261.5
Depreciation	83.5	72.1	60.4
	26.0	21.3	31.3
	57.5	50.8	29.1
Add: Group share of associated companies' profits less losses	17.7	15.9	5.7
Group trading profit	75.2	66.7	23.4
Europe	29.7	24.1	11.1
Africa	11.1	8.1	15.7
Americas	15.7	16.8	3.6
Asia	3.6	3.0	15.1
Pacific	15.1	13.7	75.2
Interest	14.8	14.5	60.4
Group profit before tax	60.4	52.2	31.3
Tax	29.1	24.7	5.7
Minorities	5.7	4.7	23.4
Group profit attributable to parent company	23.4	20.0	

Earnings per share (based on 256,880,000 ordinary fully paid shares of 25p in issue at 30 June 1977) 9.10p 7.78p 1c

- 1) Trading profit for the nine months to 30 June 1977 reduced by extra depreciation of £2.8 million provided for further asset revaluations to be carried out by the current financial year.
- 2) Sterling has strengthened against other major currencies the nine months to 30 June 1977, but the effect of trading profits was not material.

Further copies of this report may be obtained from the S BOC International Ltd, Hamper Smith House, London, E1 4JF. Tel. 01-788 2020.

Business Diary: Noughts for their comfort

Ross Davies, Business Diary's Editor, is touring the United States. Today he reports on a week's journey south from Washington DC to Miami Beach, Florida.

Southerners, used to being regarded as yokels by northerners, are amused if not gratified by a story which starts in Moundsville, West Virginia, and concerns a missing \$990,000 (about £580,000) presumed lost by northerners.

The first National Bank of Moundsville, a southern institution, asked a northern colleague, Mellon Bank of Pittsburgh, to transfer \$1,000 to a lady in Manila, the Philippines. Mellon accordingly sent a telegram to a bank in Manila—but tacked on three extra noughts.

Unfortunately for Mellon, the Filipino lady and her husband transferred the money to another account. Most of it has now been sent, including \$37,333 on gambling and \$120,000 on "miscellaneous expenses".

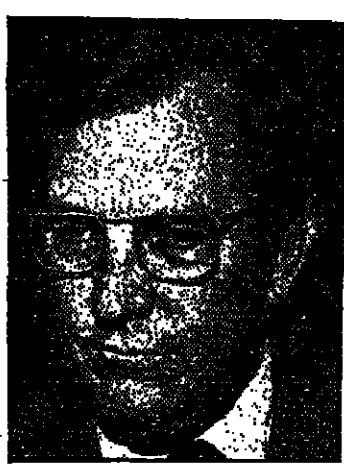
The \$200,000 or so that remains, the Philippines say, will not be repaid unless Mellon—founded by the philanthropist Andrew Mellon—drops legal proceedings to recover the rest.

"We have rooms for your sleeping convenience". Another at Henderson, North Carolina, which is across the road from the sign of a rival Howard Johnson's says: "Please ignore message on other side." The other side of the Holiday Inn sign says: "No danger of snow in next twenty-four hours." It was then 97 degrees.

When Greenwood is to Britain and to the Prime Minister, so is the J. P. Stevens textile company to North Carolina and another Jim, Governor James B. Edwards.

Edwards, who started a four-year term in January, is an unusual man. He was, for instance, once economic adviser to the King of Nepal. But he will need to be unusual to unjam the union-management deadlock at this company. There has been trouble since the early sixties.

As things now stand the company has yet to allow the textile workers' union to negotiate at the Roanoke Rapids plant, although it is now three years since a majority of the workers so voted.



Governor James B. Edwards looking on in anguish.

and then throughout the whole of the deeply anti-union South.

The textile company has paid out thousands of dollars in fines, having been found guilty of unfair practices 15 times since 1965 by the National Labour Relations Board.

The union movement is prepared to spend \$8m on crushing the company's resolve. The AFL-CIO union confederation is urging a national boycott. Governor Edwards looked on in political anguish recently as the House Labour Sub-committee travelled from Washington

to Roanoke Rapids to hold hearings on the revision of the National Labour Relations Act.

On the one hand, Edwards knows that companies from other parts of the United States and from abroad are moving into North Carolina because both unionization and wages are low. On the other hand, many other southern states display great charm—without a long-running labour versus capital extravaganza which isn't doing anybody any good.

Incidentally, Stevens executives decline to appear before the sub-committee, but one man who has was Leonard Wilson, president of a Stevens' employees' educational committee.

He said: "It is against god's will for the unions to preach more and more money when Timothy I, vi 10, tells us that money is the root of all evil." But then this is the Bible belt.

No American has a stronger sense of heritage than the small businessman. I saw a sign outside a restaurant in Chapel Hill, North Carolina, which reads "Hector's. Famous since 1969".

One way to make your pile, as I have found in Miami Beach, is to invent a craze and strike out on your own to promote it. Remember the hula hoop? Dan Sheffer and David Oslin,

both of Orlando, Florida, are now hoping to make their fortunes by persuading people to make a pet of a live hermit crab.

Sheffer, a photographer, has sold \$90,000 worth of equipment and Oslin, a printing broker, cashed in his life insurance to get their venture off the ground—or is it off the sea bed?

They just have been on a promotional flight to New York during which their mascot, a crab called "Enormous", occupied a first-class seat.

The crabs are bought in Puerto Rico; the shells in Florida. Both, together with terrarium landscaped in Coral, are now being sold in 41 states.

I asked a Miami Beach taxi driver if it was easy to make a living in Florida. No, he said. Was work hard to find? No—but to all top employees companies paid 60 per cent in cash and 40 per cent in shares.

Frank Brumley told me how the long arm of the Kuwait Investment Co came to reach into Kuwait.

He runs Kiawah Island, a resort 21 miles south of Charleston. The resort opened in May last year after Kuwaitis had spent \$17m to buy the island and \$20m in developing it.

He told me that Ed Williamson, a South Carolinian who had been seconded to Kuwait by the World Bank, gave the idea to Adil Al-Hamad, then head of the Kuwait company.

Kiawah was then just 10,000 acres of snake and alligator-haunted salt marsh, forest and 10 miles of Atlantic beach.

The Kuwaitis bought the island without planning permission and it was the job of Brumley, an interior vice-president of the KIC's Kiawah Island Company subsidiary, to prevail over the state's conservationists, nearby black farmers who feared tax overruns and Charleston's vocal Jewish community.

"I convinced them", he said, "that there would be no Arabesque architecture—or camel races on the beach."

Kiawah was packed with South Carolinians, including the state Association of Independent Bankers, when I was there. Brumley says that the resort is already profitable and further developments will be backed by United States banks rather than by the Kuwaitis.

At a chemical plant I visited on the way south, a six-foot alligator had taken up residence in one of the water treatment ponds. It's been named after the company's senior executive vice-president.

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LETTERS TO THE EDITOR

Positive benefits of the tachograph

From Mr Geoffrey Dupree
In his article "Stony road ahead for hauliers" (Wednesday, August 10), Michael Baily makes several generalisations which cannot be allowed to pass without comment. The initial part of the article is highly acceptable as a debating point. If the operator, having installed the tachograph, is to be given absolutely no benefits from them, Mr Baily must be alone in the country in believing that it is not possible to make some practical use of the tachograph. The real reason for the tachograph is to protect both operators and drivers as well as the public from owners and drivers who are prepared to flout the law on driving hours. The tachograph appears to provide a solution to both the cost problem and the "intransigent position" of the transport unions. In any case, it is questionable whether tachographs can really be considered costly at £150

per vehicle compared with Mr Baily's own statement that the index of new lorry prices is 325 taking 1970 as a base of 100. Mr Baily also says that many operators see the EEC hours rule as burdensome. It is also true that many operators see the introduction of the United Kingdom hours rules as burdensome. By all means let us get the best possible balance between the needs of the industry and the environment, but do not blame the tachograph for carrying out the job for which it was designed. Millions of tachographs are in use spread over many countries of the world, both on a mandatory and a voluntary basis. It is inconceivable that this would be the case, if the instrument did not have positive benefits to the vast majority concerned. In stark contrast to the position of the United Kingdom, which has been in breach of the EEC regulations since January 1, 1976, the Greek government introduced a national regulation on July 1 of this year, calling for all vehicles of 3.5 metric tons GVW and over to be fitted with an EEC approved tachograph. This has even been applying for membership of the European Community. Yours faithfully, GEOFFREY P. DUPREE, 1, Westminster Palace Gardens, Arundel Row, London, SW1P 1RL, August 15, 1977.

Overproduction crisis in pig farming

From Lt Commander C. Varley
In your issue of April 29, you were good enough to find space for a letter of mine in which I suggested that if European overproduction of certain agricultural commodities, notably meat protein, is to be avoided, European farmers would be advised to accept some sort of control over what they produce. I went on to propose a system regulating every farmer's production of animal protein in so far as this is possible (European conditions) and his own resources. Even this would still involve the production from outside the community of the bulk of the necessary vegetable protein. Your issue of August 5, reports that the National Farmers' Union (of which I am a member) passed a motion of confidence in the Government to end the pig-subsidy my own farming gives pigs (together with barley etc.). I am as anxious as anyone to see the return. Nevertheless, I realise that I cannot look any reliable long term re-

ward while the industry of which I form a very small part continues to overproduce. For quite simply the pig crisis is due to overproduction both in this country, in Denmark and, more than likely, in most of the other member states. What other industry would commit such folly and then expect to be bailed out by the Government, Brussels, or anyone else including the consumer? What government would lean over backwards to help such an industry? The devaluation of the green pound would, in Britain, probably ease the competition from Denmark, but it would provide little more than temporary relief. If, instead of passing votes of no confidence, the NFU were to take the lead in proposing measures to prevent such overproduction by British agriculture, and then in persuading similar bodies in Europe to do the same, it would then have earned the support not only of the Government and the consumer, but also of a sizeable proportion of its own members. Yours faithfully, C. VARLEY, Chilworth Hill, Newnham, Surrey, GU4 8QP, August 7, 1977.

Correcting computation 'anomaly' in FT Index

From Mr E. H. Bateman
Sir, While The Financial Times continues to flourish, the 30-share index continues to flourish. The index, as it is now so often called in our press and broadcast City reports, has become an indispensable element of the financial establishment. Born in 1935 it affords an unbroken link with a long period—a century or more—of comparatively stable money. As nearly all its constituents are actively traded, it is a very sensitive monitor of market sentiment. It is an essentially English institution, an epitome of understatement and abnegation—admirable qualities in an age of imperial power, but singularly inappropriate when all our economic indicators are wailing under post-imperial pressures. For the "geometric" method of computation ensures that the index number is always less than the arithmetical mean, or simple average, of the constituent values. The drift of a geometric index number below real value, as quotations move away from the initial datum, is almost imperceptible for small movements and short-term fluctuations. But over a long period, with wider divergence of constituent quotations, it becomes significant. Over the past 42 years the drift has increased to such an extent that the index now represents only about 60 per cent of the real value of the FT portfolio. The anomaly could be corrected painlessly and unobtrusively, and the index number aligned with value—now and for the future—by changing to an arithmetical or average computation, in continuity with the present index number, by adjusting the 1935 base value from 100 to 60. On this basis the real value of the 1935 portfolio would be 800 when the index stands at 480. The era of abdication and suicide (as future historians may entitle the current chapter in our national story) is hopelessly drawing to a close. So many of our economic indicators are now at rock bottom, if they have not already passed dead centre, that it would be folly to continue with a securities index which so grossly understates real value. Especially when the remedy is so simple and the divergence from real value if uncorrected must continue to increase. Yours faithfully, E. H. BATEMAN, Sandridge Cottage, Upper Bourne, Farnham, Surrey, GU10 4UA, August 19.

Stock markets

Sluggish start then late stir

If the FT Index is to break the psychologically important 500 barrier, the recent enthusiasm from institutional buyers shown over the past fortnight must somehow be restored. In vivid contrast to the life seen in the past fortnight, markets opened the new account yesterday in decidedly sluggish fashion. The trend in both Government stocks and equities during the day was broadly similar. Heartened by the echoes of last week's firm note, prices opened on a good note only to drift back steadily during much of the day before stirring briefly near the close to trim some earlier losses. Gilts mostly ended 1 or 2 down having been ahead by a

point to climb off the bottom and the session ended with the FT Index just 2.1 down at 485.6. Of the few companies reporting yesterday, BOC International and Wedgwood disappointed. The third quarter results from BOC and possibly continued doubts about the Aircor associate, put the shares down 2 1/2p to 84 1/2p while Wedgwood lost 6p to close at 254p, despite doubled first quarter earnings. The "blue chips" were also mostly friendless. ICI set the tone, as ever, with a 4p fall to 406p, while BAT Industries, Beecham Group, Unilever, GKN and Tube Investments all slipped by between 1p and 5p. The electrical front was more optimistic with BSI edging forward 1p to 234p and GEC added 3p to 245p. On the building and civil engineering pitch the long-awaited upturn, stimulated by beliefs that the Government may be persuaded to refit the domestic industry, continued in its quiet fashion. J. Laing climbed 2p to 115p and Associated Portland Cement put on 3p to 225p. But, in the main, bids provided the very few sparks of interest. Temple Bar Investment was the brightest feature with a 4 1/2p rise to 161p on the announcement of merger proposals with Telephone & General. And Mono Containers advanced 6p to 36p—1p over the bid terms—

on news of the offer from Autobar Vending Industries which caps the price put forward by the Belgian-owned Polysar about a month ago. Stanley Gibbons advanced 3p to 123p on the announcement that it is to buy Charles Nissen, the only philatelic group other than Gibbons to hold a Royal Warrant from the Queen. Other strong counters were rare. Glanville Securities, the alarms manufacturer, gained 10p to 170p on light demand in a thin market, and selected specialist engineers were also wanted. Automotive Products put on 4p to 95p, Jonas Woodhead climbed 4p to 174p, good final profits added 1 1/2p to F. S. Ratcliffe at 49p while expectation of results due from Houchin today pulled the shares up by 8p to 138p. Demand for financial counters was sluggish and a 1p fall in British Land was almost the sole feature of a lethargic property sector. Oils, too, were largely clipped back with British Petroleum leading the way down on a 12p fall to 906p. Shell also dropped 4p to 584p. Mining finance houses lost earlier gains yesterday were ICI Shell, BAT Defo Distillers, GEC, Ultramar, Unilever, Marks & Spencer, GUS "A", Beecham, Dunlop, Debenhams, APCM, GKN, Houchin, Stanley Gibbons and BP.

Conditions on the option market were reported "moderate" and at least in contrast with markets a month ago—a little business is being undertaken in short term options. Calls produced for settlement on September 13 comprised Racal and doubles. Support has been seen for Diploma Investments, in bathroom fittings, engineering and the distribution, but not the manufacture of electronic components. The shares are now 130p. In the year to June 30, 1976 profits were £2.5m and in the past year they should reach at least £3.7m. The dividend is strongly covered and could move sharply when the time comes. The interim dividend absorbed only £117,500 of attributable profits of £777,000. The group reports next month.

Unigate puts EEC & UK dairy prices in focus

By Tony May
In this, the final year of transition to the full application of Common Market arrangements, Unigate's vital objective is to ensure that British farmers and manufacturers get an increasing share of the home milk market. Further, that they do not find themselves at a disadvantage with Common Market competitors after January 1—the date when the United Kingdom changeover is completed. Sir James Barker, who remains as chairman of Britain's highest dairy foods group at the annual meeting, says that transition may mean an end to the method of fixing the price at which the group buys milk. Talks are already taking place about this with the Ministry of Agriculture, Fisheries and Food.

Sir James, who will be handing over the chair to Mr John Clement, says that prices for dairy products have been increasing rapidly and there are no clear signs of consumer resistance to this. "After January 1, more than ever before, the group and its suppliers must rely on the market place for its income. So what it can pay its suppliers will be limited by what in turn customers will pay for products. The well governed progress in developing levels of self-sufficiency aimed for in the Government's White Paper—"Food from our own sources", he added.

He sees little justification for seeking extra production of milk from the United Kingdom farms unless the milk can be processed and sold in competition with imported dairy products. Sir James points out that the dairy industry is spending a good deal of money on advertising and market development and this is expected to lead to a growing market share in the United Kingdom for home produced dairy products, of which Unigate will "take full advantage".

Coffee price rise nudged Paterson bank overdraft

The big increases in coffee prices in the past year are blamed for the bank overdraft of R. Paterson & Sons, Glasgow-based coffee chocky and food manufacturers, jumping from £1m to £1.9m. Mr William Armstrong, chairman, told the annual meeting that the board was very conscious of the high level of borrowing. The output of coffee essence had greatly increased compared with that of instant coffee, which was in a very competitive market. It was now expanding the business, discontinuing some lines and developing new ones. Acting for a number of companies Paterson had taken over new products and were now channelling them into group operations. The rise in export sales from £180,000 to £400,000 last year arose from new markets in Australia, Belgium, Sweden, Denmark and Holland.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
	£m	£m	per share	pence	date	total
BOC Int (I)	499.1(442.3)	60.4(52.2)	9.10(7.78)	—	—	—
CSC Int (I)	—	0.03(0.03)	—	1.8(1.6)	19.9	—
Delpn (I)	1.3(1.4)	0.14(0.15)	—	—	—	—
Elis (Richd) (F)	9.9(9.3)	0.11(0.13)	1.42(1.57)	1.1(1.1)	—	1.1(1.1)
Graham Hse (F)	—	0.35(0.4)	—	1.6(1.6)	—	3.0(3.0)
Mary Kathleen (L)	—	8.3(4.21)	—	—	—	—
F. S. Ratcliffe (L)	1.4(1.3)	0.17(0.09)	10.22(5.5)	3.70(3.2)	—	4.7(2.0)
St Andrew	—	0.41(0.36)	2.09(1.85)	1.5(1.25)	1/10	—
J. Stocks (F)	35.0(29.6)	0.58(0.53)	27.2(24.1)	—	—	—
Victor Prod (F)	6.3(5.0)	0.35(0.60)	10.69(5.75)	1.83(—)	3/10	—
Wedgwood (I)	16.2(11.4)	1.6(0.82)	7.0(4.0)	—	—	—
Dividends in this table are shown net of tax on pence per share. Dividends in British New dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.515. Profits are shown pre-tax and earnings are net. * For 13 weeks. † AS & Loss. ‡ Hongkong currency.						

Nationwide Leisure inquiry delay

By Michael Clark
The Take-over Panel has decided to postpone its investigation into Nationwide Leisure Group, until the outcome of a pending court case is known. The panel states that in a circular dated July 1, shareholders of Nationwide were informed that their company had bought the issued share capital of £142,000 in Mildhaven Developments. As a result the panel has had to consider whether a group of people including Mr J. M. Hutchins, chairman of Nationwide carrying 30 per cent or more of the voting rights.

Jubilee boosts china sales at Wedgwood

By Allison Mitchell
The current year should be a good one for Stoke-on-Trent china group Wedgwood, says Sir Arthur Bryan, chairman. In the 13 weeks to July 2, pre-tax profits more than doubled from £24,000 to £17m on sales up 42 per cent to £16.25m. However Sir Arthur was warning that this rate of increase cannot be expected to be maintained in the remaining nine months. Although first quarter sales were given a fillip by the jubilee tourist boom the group has also been strong in the traditional lines in most of the established markets both at home and overseas. Only in the lowest-priced earthenware division is demand weak, but there are signs of a gradual improvement. Most manufacturing divisions increased prices on July 1 while the overseas companies have also raised selling prices to maintain the rate of profitability. Because of the relative stability of the



Sir Arthur Bryan, chairman of Wedgwood.

French buy Brown Harriman

Two private French banks, Credit Commercial de France and Banque Internationale pour l'Afrique Occidentale, have jointly acquired the share capital of Brown Harriman & International Bank. From today, Brown Harriman, which will be 50-50 owned by the two French banks, will be known as the Banque Française de Credit International. Sir John Hogg will remain as chairman while his deputy will be M. Andre Chardon, Secrétaire-Général of Banque Internationale. Brown Harriman will continue and develop its existing activities, including eurobonds and euroloans. In the 12 months to March 31 last, Brown Harriman turned in a pre-tax profit of £535,000 against £503,000 previously. However, Sir John gave a warning in May, that, unless conditions improved, it would be difficult for the bank to make similar profits in the future, without taking risks.

BROWN HARRIMAN & INTERNATIONAL BANKS LIMITED

announces that with effect from August 23rd 1977 the capital of the Bank has been acquired by

CREDIT COMMERCIAL DE FRANCE

and

BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE

with equal shareholding

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01-626 2721 Eurobonds
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886619 BAFREX Foreign Exchange
887186 BAFREB Eurobonds

MOORGATE INVESTMENT COMPANY LIMITED

Year ended 31st May 1977

- Earnings up 36.5%
- Dividend up 30%
- Net Asset Value up 22.8%

Directors: Brian R. Basset, James E. A. R. Guinness, The Hon. Peter M. Samuel, M.C., T.D., David M. McAlpine, Anthony P. Simonian

Extracts from the Chairman's Statement

POLICY Our policy continues to be to invest mainly in smaller companies and in companies where the market in the shares tends to be narrow.

REVENUE Earnings are up from 2.376p to 3.245p per share, an increase of 36.5%. The dividend for the year is 3.055p per share against 2.35p per share last year, an increase of 30%, which compares with a rise of 14.0% in the dividends covered by the F.T. Actuaries All-Share Index and of 17.1% in the Retail Price Index.

Our income estimate continues to show an improvement over 1976/77, and we will be disappointed if we cannot again increase the dividend for the current year.

CAPITAL The net asset value of the Company's ordinary shares rose by 22.8% from 67.0p to 82.3p per share. This performance compares with a rise of 18.1% in the F.T. Actuaries All-Share Index.

At 31st May 1977 the F.T. 30-Share Index had risen 39% since 1960, when the Company was formed, whereas the net asset value per share over this period had increased by 229%.

We are hopeful that some of the companies in which we are invested will receive take-over approaches during our current year.

Copies of the Report and Accounts can be obtained from Philip Hill (Management) Limited, 8 Waterloo Place, London SW1 4AY.

INVESTMENT TRUST COMPANIES

The following is an amendment to the table published on Saturday, 20th August, 1977, in which certain figures were incorrectly printed.

Total Assets less current liabilities (£m)	Company	Shares or Stock (£)	Date of Valuation	Annual Dividend (£)	Net Asset Value after deducting prior charges at nominal value (p)	Net Asset Value at market value (p)	Investment Premium (see note 2) (p)
Pence except where stated (see note 4)							
40.2	Ivory & Sons Ltd.	Ordinary 25p	29/7/77	0.4	118.9	125.8	16.6
15.5	Atlantic Assets Trust	Ordinary 25p	29/7/77	0.9	134.2	134.2	12.6
48.2	Viking Resources Trust	Ordinary 25p	29/7/77	2.9	137.0	142.4	13.9
56.5	Touche, Renmar & Co.	Ordinary 25p	29/7/77	2.8	163.8	169.9	10.4
32.1	Sphere Investment Trust	Ordinary 25p	29/7/77	4.0	124.3	129.7	8.7

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

Recent adjustments to suffer stock floor and ceiling prices by the International Tin Council have done nothing to placate the Bolivians, who are again threatening to withdraw from the International Tin agreement to which they acceded only with reluctance in the first place.

There is little doubt that such an action could lead to a collapse of the pact and the next step would be moves by Bolivia to entice the three other major producers—Malaysia, Indonesia and Thailand—into a producers' organization on the lines of the Organization of Petroleum Exporting Countries.

But while the Bolivian Ministry of Mines is studying whether to recommend withdrawal from the ITA, it is lined out by the Latin America Commodities Report that the ministry will have to take into account a claim by powerful private mining interests that such an action would jeopardize national mining.

The report says that opposition from the private miners, who offer serious competition to the nationalized companies, themselves afflicted by a grave financial crisis, could be crucial in determining Bolivia's attitude towards the pact.

Local observers, who recognize the sector's powerful influence on strategy, think it will prevent the government from carrying out its threat of withdrawal. Bolivia produces about 60 tonnes of refined tin daily, of which the mines nationalized in 1953 produce 30 tonnes. According to

General Alfonso Villalpando, the Minister of Mines, 'if Bolivia had to leave the agreement it would be temporary'.

Mr Peter Lai, executive chairman of the International Tin Council, who is on an official visit to Malaya, has urged the stimulation of new investment in the industry by providing incentives to miners.

He told council members of the States of Malaya Chamber of Mines that failure, or even delay, to encourage new investment in production would lead to higher prices both for consumers and producers and possibly to greater substitution.

There was a possibility of a large deficit between supply and demand if nothing was done to increase production. A deficit in the last 15 years of about 150,000 tonnes had been made good only by disposal from the United States General Services Administration stockpile. He anticipated that in the next ten years there would be an equally large deficit if nothing was done to increase production.

He thought that the present method of adjusting the ITC price range was an improvement on past practices, but the method could, and should, be improved with experience.

It would be more relevant to take account of costs of opening and operating new mines, rather than production costs in existing mines, when considering measures to expand production.

The Malaysian Ministry of Primary Industries has reacted to a suggestion by Leow Yan Sip, president of the All-Malaysia Chinese Mining Association, that a senior minister should be specifically appointed to monitor the implementation of national mining policy.

Low Sip Hon, the Deputy Primary Industries Minister, said that the government is not apathetic about the tin mining

industry and will continue to promote its well-being both domestically and internationally.

But it would be premature to suggest that a senior minister should perform a monitoring function. The powers of the government were limited by the federal system which vested land rights in the states.

In its latest quarterly review of the main non-ferrous metals, *Commodity Analysis*, saying that the IFA price range will possibly be raised again in December, adds that at present the market is firmly moving in the interest of producers with a substantial deficit between consumption and net new supplies, a new buffer stock price range and the prospect of substantial releases by the United States General Services Administration having receded.

Accordingly, says the review, an increase in the cash price of tin to about £6,800-£7,000 per tonne seems possible in the coming months, but "we would advise caution as unquestionably events will turn to favour the consumer in due course"

New York, Aug. 22.—Prices headed lower early today in fairly active trading on the New York Stock Exchange amid speculation that banks would soon raise the prime lending rate to 7 1/2 per cent.

prime lending rate to 7½ per cent. The Dow Jones industrial average was off 3.03 points to 860.45 shortly before 11 am. Declines led advances 524 to 380, among the 1,386 issues crossing the tape. The 431 unchanged issues reflected some investor uncertainty.

First-hour volume amounted to about 4,200,000 shares, down from the 5,340,000 traded during the same period on Friday.

Wallace Jackson
Commodities Editor

Starting finished yesterday six points down on Friday's closing at \$1.7398. Dealers said there was some initial demand as operators tested the Bank of England's new policy of buying and selling sterling to keep the exchange rate stable. But as the Bank intervened to stem any rise they subsequently liquidated long sterling positions. The effective exchange rate index linked at 62.0 against its 62.1 opening.

The dollar closed at 2.3215, down 1/8 from its midsession peak of 2.3230, but up 1/8 from its early start at 2.3240-50, dealers said.

The dollar eased initially, adjusting to the weaker New York close on Friday, but only moderate business was done. The dollar was steady. Dealers said they are awaiting United States and German trade data due later this week.

The pound was 1/8 to close in London at \$145.125.

	Market rates (day's range)	Market rates (close)
	August 22	August 22
New York	\$1.13-1.1407	\$1.13-1.1400
Montreal	\$1.9105-97.33	\$1.91-97.33
Amsterdam	4.26-4.28 1/2	4.26-4.27 1/2
Brussels	63.70-62.10 1/2	63.70-62.10
London	10.4-10.4 1/2	10.4-10.4 1/2
Frankfurt	4.03-0.00	4.03-0.00
Liborn	67.00-70c	67.15-65c
Stockholm	347.00-350p	347.10-350p
Oslo	335.00-336p	335.00-336p
Oslo	9.10-9.20 1/2	9.10-9.15 1/2
Paris	6.22-6.22 1/2	6.22-6.22 1/2
Stockholm	7.64-8.00	7.64-8.00
Tokyo	400-400 1/2	400-400 1/2
Vienna	26.55-26.55 1/2	26.55-26.55 1/2
Zurich	4.10-4.21 1/2	4.10-4.21 1/2

Effective exchange rate compared to
December 31, 1973: +52.0 percent, down 0.1
per cent since Friday.

	1 month	3 months
New York	30-11c prem	30-40c prem
Montreal	par-10c disc	35-45c disc
Amsterdam	35c prem	35-45c disc
London	35c prem	35-45c disc
Openings	35-11c prem	35-45c disc
Frankfurt	25-40c prem	40-45c prem
Osaka	110-610c disc	100-510c disc
Sao Paulo	25-10c disc	25-10c disc
Hong Kong	25-10c disc	25-45c disc
Paris	40-60c disc	120-130c disc
Geneva	14-20c disc	20-45c disc
Stockholm	110-130c disc	220-230c disc
Berlin	par-10c disc	25-45c disc
Vienna	25-10c prem	6-5c prem
Canadian	dollar rate (against US dollar,	
9.9280-97.		
Eurodollar deposits (1%) call, 30-45; seven		
days, 35-45; one month, 60-75; three months,		
80-90.		

Gold fixed: am. \$146 20/100 ounce c. pm. 51444.
Kruggerand (per coin): non-resident, 5168-
50; (183-86); resident, 5167-349 (185-91).
Sovereigns (new): non-resident, 517-49 (187-
88); resident, 517-49 (187-91).

Credit was more than adequate in Lombard Street yesterday and the Bank of England directed the Treasury to make no large-scale selling Treasury bills directly to the dealers.

Dealers considered the Bank's operations in the foreign exchange market on Thursday, when sterling as sold and dollars bought to satisfy the demand for dollars was entirely responsible for the surplus.

The only favourable factor officially identified was the above-mentioned balance of the market, the minus side were the higher tax payments and a very modest rise in the note circulation.

The Bank's operations were at 10 per cent but soon started to rise. By midday, houses had made a bid for the Bank's money at 10 per cent, as low as 6½ per cent and the close was still very comfortable despite the Bank's mopping-up of the advances being found at 5½ per cent.

rates	
Cost of England Minimum Lending Rate 7.5	
Clearing Bank Base Rate 7.5	
Overnight	1 month 8 1/4
3 months	6 1/4
6 months	5 1/4
12 months	4 1/4
Treasury Bills (D/G's)	
Overnight	Selling
3 months	3 months 6 1/4
6 months	3 months 6 1/4
12 months	3 months 6 1/4
Prime Bank Bills (B/G's) & Treasury Bills (D/G's)	
Overnight	3 months 7 1/4
3 months	3 months 7 1/4
6 months	6 months 7 1/4
12 months	6 months 7 1/4
Local Authority Bonds	
Overnight	3 months 7 1/4
3 months	6 months 7 1/4
6 months	12 months 7 1/4
12 months	12 months 7 1/4
Secondary Mkt. GCG Rates (%)	
Overnight	3 months 7 1/4
3 months	6 months 7 1/4
6 months	12 months 7 1/4
12 months	12 months 7 1/4
Local Authority Margined (%)	
Overnight	3 months 7 1/4
3 months	6 months 7 1/4
6 months	12 months 7 1/4
12 months	12 months 7 1/4
Interbank Market (%)	
Overnight	3 months 7 1/4
3 months	6 months 7 1/4
6 months	12 months 7 1/4
12 months	12 months 7 1/4
1st City Finance House Mkt. Rate (%)	
Overnight	3 months 7 1/4
3 months	6 months 7 1/4
6 months	12 months 7 1/4
12 months	12 months 7 1/4
Finance House Base Rate 8 1/4	

Information for Siemens Shareholders

Siemens business continued to expand steadily during the period under review. This was due largely to high growth rates affecting international business, particularly in the export sector. Domestic business, in contrast, showed only slow growth.

In millions of £	1/10/75 to 30/6/76	1/10/76 to 30/6/77	Change*
Orders received	4,050	4,820	+13%
Domestic business	1,930	2,100	+ 5%
International business	2,120	2,720	+21%
Foreign orders of German Siemens Companies	1,100	1,660	+33%
In millions of £	30/9/76	30/6/77	Change*
	2,470	2,790	+13%

During the first nine months of the current financial year, Siemens recorded £ 4,820 million in new orders, a 13% increase over the same period a year ago. Because of the inclusion of OSRAM, Kraftwerk Union (KWU), and Transformatoren Union (TU) in these figures, percentage changes are stated on a comparable basis. Orders received abroad rose 21% to £ 2,720 million, while export orders increased 33% over last year's levels, attaining a total of £ 1,660 million. By comparison, the German domestic market recorded £ 2,100 million in new orders, an increase of only 5% over the figure for the preceding financial year. As a result, orders received from abroad exceeded domestic orders by £ 620 million, or nearly one third, during the first nine months.

In millions of £	1/10/75 to 30/6/76	1/10/76 to 30/6/77	Change*
Sales	3,850	3,864	+ 0.3%
Domestic business	1,860	2,080	+ 6%
International business	1,800	2,100	+ 11%
Export sales of German Siemens Companies	940	1,180	+ 18%

Siemens worldwide sales were £ 4,180 million, 8% higher than a year ago. Here, too, international sales, which rose 11% to £ 2,100 million, outpaced domestic sales. The latter, at £ 2,080 million, were only 6% higher than last year. The largest gain was recorded in export sales, which increased 18% to £ 1,180 million. Thus again this year, as in the past, international business has proved to be the main spring of growth, with export sales contributing significantly towards the utilization of operating facilities in Germany.

In thousands	30/9/76	30/6/77	Change*
Employees	304	315	4%
Domestic operations	208	218	- 5%
International operations	96	97	- 1%

However, sales growth was still not substantial enough to appreciably improve plant capacity utilization. Whereas our workforce increased from 304,000 at the end of the preceding financial year to 315,000 on 30th June 1977, the expansion was due solely to the addition of KWU and TU personnel. In comparable terms, the figures reflect a 4% reduction in the number of employees during the first nine months of the current year.

In millions of £	1/10/75 to 30/6/76	1/10/76 to 30/6/77	Change*
Employment cost	1,790	1,990	+ 3%
In millions of £	1/10/75 to 30/6/76	1/10/76 to 30/6/77	Change*
Capital expenditures and investments	323	303	- 6%
Initial consolidation OSRAM/KWU/TU			
Fixed assets	82	114	
Investments	168	187	- 1%
	23	2	
In millions of £	30/9/76	30/6/77	Change*
Revenues	1,899	2,139	+ 5%
In millions of £	1/10/75 to 30/6/76	1/10/76 to 30/6/77	
Net income	84	93	
% of sales	2.3%	2.2%	

Capital expenditures for fixed assets during the report period attained £ 187 million. When adjusted for the inclusion of OSRAM, KWU, and TU, this is essentially the same volume as last year (£ 168 million).

At £ 93 million, net income was higher in absolute terms than for the same period a year ago (£ 84 million). However, since cost increases could not be entirely passed on to the customer, and since KWU and TU contributed more to sales than to net earnings, there was a slight moderation of the net margin from 2.3% to 2.2%.

On 10th July 1977, Siemens AG concluded an agreement with Allis-Chalmers Corporation, Milwaukee, for the formation of a jointly-owned company, Siemens-Allis, Inc., Milwaukee. The activities of Allis-Chalmers in the field of electrical engineering, comprising twelve plants with 4,300 employees, will be taken over by Siemens-Allis who will serve the U.S. market with power engineering equipment. Siemens has initially acquired a 20% interest in Siemens-Allis, at a cost of \$15 million, with the option of acquiring another 30% in 1978.

*All percentage changes based on comparable figures which take into account the inclusion in the financial statements of QSRAM (as of 1/1/76) and Kraftwerk Union and Transformatoren Union (as of 1/1/77). All amounts translated at Frankfurt middle rate on 30th June 1977: £ 1 = DM 4.024.

Siemens AG

In Great Britain: Siemens Ltd.

ACCOUNT DAYS: Dealings Began, Aug 22. Dealings End, Sept 2. § Contango Day, Sept 3. Settlement Day, Sept 1
§ Forward bargains are permitted on two previous days

هكذا في الأصل

